### Racial Hardliners Lead Field For Premiership in S. Africa

By David Lamb

JOHANNESBURG, Sept. 22 -Two hard-line conservatives have emerged as the leading candidates to replace Prime Minister John Vorster. Neither would be likely to make a major shift in South African policies on race relations or South-West Africa.

Mr. Vorster announced on Wednesday that he was resigning the premiership after 12 years because of failing health. In a final defiant gesture, he also announced that his government was sidestep-ping the UN peace plan for South-West Africa (Namibia) and pro-ceeding unilaterally to hold elec-

tions in the disputed territory.

That decision put South Africa perilously close to a showdown with the United States and the four other Western countries that devised the settlement plan. The deci-sion guarantees that Mr. Vorster's successor will immediately inherit a national crisis.

The new prime minister will be chosen on Thursday when the National Party caucus of 175 assemblymen and senators meets in Cape Town. Mr. Vorster is expected to be elected president of the republic at the same time, a position that in the past has been largely that of a

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With the withdrawal Wednesday of S. P. (Fanie) Botha, the minister of labor, as a candidate, most observers believe that the National Party leadership will pass to either

ter for black affairs.

Defense Minister Botha, 62, is known to be a hawk on military matters and a hardliner on separate development of races (apartheid). He is authoritarian, highly emo-tional and willing to confront the West over Namibia.

It was he who persuaded the Vorster Cabinet to send troops to

 SWAPO has warned South Africa it would escalate the Namibia guerrilla war and "liquidate" any black govern-ment elected under South African auspices. Page 2.

Angola during that country's civil war in 1975. He leads the hawks on the Namibia issue and has said that Pretoria would not tolerate SWAPO, the liberation movement fighting for control of Namibia, as the government of that territory.

Like Mr. Botha, Mr. Mulder, 52, is an Afrikaner. He is generally considered to be right-wing, but has been forced to soften his position to seek accommodations with other factions of the party. He favors separate development of the races and supports South Africa's attempts to exclude SWAPO from

the Namibia settlement. politically by a scandal in the Ministry of information that he used to head. The scandal involved a secret

Pieter Botha, the minister of been disclosed, that financed over-defense, or C. P. Mulder, the minis-seas trips for ministry personnel. seas trips for ministry personnel. No charges were brought against him, although he apparently had knowledge of the fund.

An outside candidate is Foreign Minister Roelof Botha, 45, a moderate by South African standards. A former ambassador to the United States and the United Nations, he is probably Mr. Vorster's favor-

Roelof Botha also enjoys wide support from the public, but most observers believe that he is too young and 100 moderate to win the backing of the caucus. Had Mr. Vorster retained the premiership for several more years. Roelof Botha would have been a more like-

Mr. Vorster's decision to resign had been anticipated in South Afri-ca for several days, but his announcement that South Africa would go it alone in Namibia stunned those who had believed that his Cabinet would accept the U.S. plan.
The Carter administration pub-

licly expressed "surprise and deep disappointment" at the decision. The British government described it as a "major setback" to prospects of peace in southern Africa.

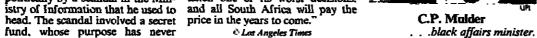
tempts to exclude SWAPO from the Namibia settlement.

Mr. Mulder may have been hurt

The Rand Daily Mail called the decision "distressing." The Star said yesterday: "The Cabinet has taken one of its worst decisions. price in the years to come.

C.P. Mulder

Pieter Roths



#### 5 Bases Reportedly Hit in Air-Ground Strikes

### Rhodesia Continues Raids in Mozambique on Rebels

SALISBURY, Rhodesia, Sept. 22 (AP) — Rhodesian security forces ioday continued air and ground strikes against suspected black guerrilla bases inside neighboring Mozambique, with still no official indication of when the military will

As the forays went into their third day, a spokesman for com-tined operations headquarters here would only repeat last night's statement: "The operations launched against ZANLA Communist terrorist bases within Mozambique are forces continuing.

of the killing of former Premier

Aldo Moro, saving that they had discovered a second Milan hideout

used by Red Brigades leader Corra-do Alunni before his arrest last

Magistrates Armando Spataro

and Luigi de Liguori said that doc-

uments found in the hideout gave

them positive identification of an-

other Red Brigades member possi-

also showed that Alunni, 30, had

links with other terror organiza-

tions that have been plaguing Italy

Alunni, a former police traince

and electronics expert, is suspected of taking part in a dozen killings,

including those of Mr. Moro and

his five police bodyguards, three policemen, two judicial officials and an editor of the Turin newspa-

Mr. Spataro and Mr. de Liguori

said that they tracked down the newly discovered Red Brigades

bideout from a key found in the

pocket of Alunni's blue jeans at the time of his arrest on Sept. 13.

They said that the apartment had

been rented several months earlier

in the last several years.

per La Stampa.

PAGSIM

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. .

They said that the documents

bly involved in the Moro killing.

that their aims had been achieved. From Umtali, the garrison town nestled in Rhodesia's eastern high-lands only a few kilometers from the border, Rhodesian Air Force

bombers and fighters could be seen

flying into Mozambique, indicating

2d Brigades Hideout Is Found in Italy

apartment hours after his arrest.

Mrs. Zoni, a teacher from Varesc

near Milan, has been charged with

possession of weapons. Officials

said that she would soon be-

charged with subversive activities

and belonging to an illegal armed

Officers said that the newly dis-

covered apartment had been used

by Alunni and Mrs. Zoni before he

moved to the apartment where he

Mr. Spataro and Mr. de Liguori

said that a sizable amount of docu-

ments were found in the hideout.

They would not go into details.

"All we will say is that the docu-

ments show that Alunni is a most

important person in the urban guerrilla struggle," Mr. Spataro

**Various Organizations** 

Mr. Spataro said that he was us-ing the words "urban guerrilla struggle" because "terrorism is not

a thing that is compartmentalized,"

and "there are close links among the various organizations."

they said that documents found in

his apartment linked him to several

When police arrested Alunni,

was arrested.

strong air support for the ground The first two days of the opera-

Military sources said that at least tion were believed to have been sufive bases had been hit, some of pervised from the Umtali military them understood to be up to 200 kilometers inside Mozambique, and that the strikes would continue unheadquarters by the commander of combined operations, Lt. Gen. Peter Walls. But he was understood to disrupt the gnerrillas' lines of comtil security forces were satisfied have flown back to Salisbury today. munication and to seize or destroy The original announcement by as much equipment as possible to

the military command on Wednes-day said that the Mozambique op-eration had been mounted "in selfdefense," and was not aimed at Mozambican groups or civilians.

The raids apparently are aimed at bases of the Zimbabwe African Prime Minister James Callaghan National Liberation Army forces flew to Nigeria today on a hastily

Zoni, police have arrested Maria

Alberani, a 29-year-old activist

from Bologna. Police sources say

that they also are seeking Maria Teresa Zoni, Mrs. Zoni's 23-year-

old sister, and two other women

matches descriptions of a woman

seen taking part in Mr. Moro's kid-

napping on March 16. Mr. Moro,

president of the ruling Christian

MANAGUA., Sept. 22 (UPI) — The Nicaraguan National Guard

established control over the rebel-held northern city of Esteli today,

ending a 14-day siege that has turned the city into a charted ceme-

officials said that between 400

and 500 persons were killed in

fighting between the guardsmen and Sandinista guerrillas who

launched a nationwide uprising

They say that Maria Teresa Zoni

from the Bologna area.

ome street on May 9.

### LONDON, Sept. 22 (UPI) -

arranged mission to try to heal an angry breach with Zambian President Kenneth Kaunda and to head off possible reprisals against British economic interests in Africa. MILAN, Sept. 22 (UPI) — Italian authorities announced a break-through today in their investigation by Marina Zoni, Alunni's 31-year-urban guerrilla groups in addition to the Red Brigades.

In addition to Alunni and Mrs.

co-leader of the Patriotic Front.

Military sources said that the

stem the infiltration of guerrillas

across the eastern border into Rho-

Callaghan Meets Kaunda

Accompanied by Foreign Secre-tary David Owen, Mr. Callaghan flew to Kano in northern Nigeria — a city about half way between London and Lusaka. Mr. Callaghan's office said that he and Mr. Kaunda were expected to confer tomorrow and that the prime minister probably would re-

turn early Sunday.

Mr. Kaunda was said to be angry
about confirmation in an official report to the British government this week that British oil companies, with the knowledge of some Democratic party and five times premier, was found dead on a former government ministers. shipped oil illegally to Rhodesia in defiance of UN sanctions.

Guardsmen patrolled the streets of Esteli today, shooting in the air

There had been repeated govern-ment announcements during the week that rebel resistance had been

crushed, but correspondents on the scene said that the battle for the

Survivors of the siege told of re-

city did not end until last night.

#### Vance visit to Syrian leaders is delayed.

- Letters detail Carter, Sadat, Begin positions.
- Arab hardliners meet with King Hussein.

Stories: Page 5

## Begin Disputes U.S. View Of a West Bank 'Promise'

By Jim Hoagland

NEW YORK, Sept. 22 (WP) — Upset by the decision of White House officials to challenge his word in public, Israeli Prime Minister Menachem Begin asserted vesterday that he has written proof that he did not give President Carter a promise for a lengthy moratorium on Jewish settlements on the West Bank.

"I didn't agree to that," Mr. Begin said in an interview here. "My reaction was, I will consider it and will write to" President Carter about a U.S. proposal for a negotiating framework that would give local Palestinians an effective veto

over future Israeli settlements.

"If I had accepted it, I would have said so," Mr. Begin said. Israeli notes of the discussion have been checked and support his view, he said. Asked about the display to reporters in Atlantic City Wednesday of Mr. Carter's handwritten notation of the disputed clause, Mr. Begin replied, "Let me respectfully say that they shouldn't have done that . . . it is not proper to show to the media texts that have not been

#### Dispute Blocks Letter

With the White House insisting yesterday that agreement on the issue had been reached at the Camp David summit, the dispute contin-ued to block the scheduled exchange of a letter that is supposed to spell out an agreement on future Israeli settlements in the West Bank and Gaza Strip territories.

But Mr. Begin disclosed that depite the dispute, Israel, Egypt and the United States yesterday exchanged two other letters of under-standing growing out of the 13-day Camp David summit on the Middle East. Moreover, he was insistently optimistic that he and Egyptian President Anwar Sadat will shortly ter what transpires on the complex arrangements drawn up at Camp David for the West Bank and Gaza.

"Everything is agreed upon, with contents and dates. As far as Egypt and Israel are concerned, we almost have a peace treaty. Except for the one issue lof Israeli settlements in the Sinai] we could sign the treaty today," Mr. Begin said.

But he predicted an extremely close vote by the Israeli Knesset on Mr. Sadat's demand that the Sinai settlements be dismantled as a prerequisite for the signing of the peace treaty. It "might be decided by one vote, or two votes, or three

Mr. Begin, Mr. Carter and Mr. Sadat concluded the summit Sunday night by signing two agree-

guard said that atrocities were the

work of Communist rebels wearing

Col. Juan Martinez, the local guard commander, and Red Cross

spokesmen both said they thought

that between 400 and 500 persons had been killed in the fighting at Esteli, 80 miles north of Managua

on the Pan American highway.

stolen uniforms.

Atrocities Charged as Somoza Forces Retake Esteli

against President Anastasio Somo-za's government on Sept. 9. peated atrocities by guardsmen. An official statement by the national

an Egyptian-Israeli peace treaty an overwhelming majority" in fa-and the other a framework for negotiations over the "final status" of the Israeli-occupied West Bank and

Making other points in an interview conducted by The Washington Post and Newsweek magazine.

 He will resign if the Knesset votes on Monday against the two less fundamental importance than framework agreements. But Mr., the two framework accords. He

• If a separate vote he has scheduled for a week later on the Sinai settlements "should against my conviction. I will not resign. I will abide by any decision of the majority" on this question. which Mr. Begin indicated was of

vote on the issue.

• While he is not deliberately leaving the difficult question of the 1983 decision on the final status of the West Bank and the Gaza Strip for a successor to handle, he is likely to have left office by then. "I want to leave politics completely by

 If elections produce a self-(Continued on Page 5, Col. 5)



BATTLE 'CASUALTIES' - American soldiers participating in a NATO training exercise in northern West Germany relax next to an armored personnel carrier pear Walsrode. The vehicle contains a number of soldiers "killed" during a mock battle. See story on page 2.

#### Says Some Circles Seek New Cold War

### Brezhnev Charges Provocations in U.S.

Mr. Brezhnev warned that the

made at the Camp David,

situation in the Middle East re-

mains "complex and potentially dangerous" and that the "separate

MOSCOW, Sept. 22 (AP) — Soviet President Leonid Brezhnev charged today that some influential circles in the United States are deliberately provoking the Soviet Union to aggravate U.S.-Soviet relations and start a new edition of the Cold War.

"This, comrades, is a serious matter," Mr. Brezhnev said in a speech celebrating the awarding of the Order of Lenin to the Soviet Azerbaidzhanian city of Baku.

"We will resolutely resist sallies against the rights and interests of the Soviet state and we will not give

Cross brigades, faces covered with handerchiefs, were burning corpses.

Guardsmen at a checkpoint wore

handkerchiefs against the stench of

three partially burned bodies lying

The market and several other areas were still smoking. Not a sin-

gle house was left intact. An old

woman sought out reporters to say.
'Tell the world this is an example

of what Somoza has done to his

people. We can't live in this coun-

to stream out of the town carrying

try any more. I'm getting out." While some civilians continued

in to provocations," he added.

but the illusion of a settlement."
He added, "It can only make the situation in the Middle East even more explosive," Mr. Brezhnev spoke for 50 minutes, and was interrupted often by applause from the several thousand spectators in a meeting hall in the

southern Caspian Sea republic.

Md., summit produced

#### Israel Blamed

Blaming the stubborn refusal of Israel to recognize the legitimate rights and interests of the Arab peoples, Mr. Brezhnev said the Camp David agreement covered up Egypt's surrender on one side and consolidated the fruits of Israel's ing in the streets and mobile Red aggression on the other.

"Any attempts to ignore the car-dinal preconditions of a true settlement of the Middle East problem, to exclude or sidestep some lawful participants in the settlement, to sacrifice their interests, to dictate terms to them can produce nothing but the illusion of a settlement," he

On U.S.-Soviet relations, Mr. Brezhnev blamed the failure to draft a new strategic arms limita-tion agreement on NATO's insistence on building up its military arsenal and on Washington's clamoring about a Soviet threat.

But he noted that the SALT talks are closer than ever to being completed. U.S. chief arms negotiator Paul Warnke recently visited here to restart the negotiations.

"It must be said that the distance between the positions of the sides on this question, as stated at the talks, is not all that great and is quite surmountable given goodwill and state wisdom," Mr. Brezhnev

"But it seems that the solution of this question does not suit those in the United States who want not a lasting peace and mutually advan-

#### U.S. Raises **Interest Rates**

WASHINGTON, Sept. 22 (IHT) - The Federal Reserve today raised key interest rates, in part to bolster the dollar.

The dollar, meanwhile, rose against major currencies but dealers attributed today's gains to profit-taking following yesterday's steep slide and are waiting until next week to see the effect of the Fed's action.

tageous cooperation but a new edition of the Cold War." Mr. Brezhnev also denounced the propaganda campaign started around the world against the recent wave of Soviet trials of dissidents. who he said included paid agents of Western special services.

This is a direct attempt to interfere in our internal affairs and consequently, a most flagrant violation of the letter and the spirit of the final act adopted in Helsinki." Mr. Brezhnev said, referring to the 1975 Helsinki accords on East-West cooperation which contain provisions on human rights.

He accused the United States of

interfering in the internal affairs of other socialist countries, although he did not mention these nations by name.

#### Moscow Wavers on Crop

MOSCOW, Sept. 21 (AP-DJ) — Soviet President Leonid Brezhnev said that the Soviet Union will have "a good harvest" this year, confirming Western predictions of what may be a record crop. But he noted that "many more cares and problems" are ahead. Western dipmatic sources have said that bad weather in the final stages of the harvesting has hampered the effort and may reduce the output slightly.

#### **Brazil Congress** Restricts Power Of Presidency

BRASILIA, Sept. 22 (AP) -Congress has repealed a 10-year-old law that gave the president of Brazil nearly absolute power. The change takes effect on Jan. 1.

The constitutional amendment was proposed by President Ernesto Geisel and passed yesterday. The opposition voted against, arguing that the amendment does not go far enough.

It eliminates death and banishment as penalties for domestic political crimes. It repeals Institutional Act No. 5. which gave the president power to close Congress, dismiss elected officials, revoke the political rights of citizens and con-

fiscate private property.

In the future the president will be able to declare a state of siege. with temporary suspension of certain individual rights, but must obtain congressional approval within five days and cannot shut down Congress. A state of emergency, in which some rights can be taken away temporarily, also will be

#### Foreign Holding of U.S. Farms Termed Exaggerated Also, few states had data on

By Wayne King

ATLANTA, Sept. 22 (NYT) -Panelists representing govern-ment, agricultural, academic and real estate interests generally agreed yesterday that the furor over foreign interests buying U.S. farmland is not justified by the extent of current foreign hold-

They also agreed that present methods of gathering informa-tion about the foreign incursion into U.S. agriculture present a picture sketchy at best and possihly misleading, because many foreign buyers prefer to remain anonymous because of the legal or political situation in their home countries.

But the information available suggests that holdings of U.S. farmland by nonresident aliens is minute at present, and, as one panelist put it. Despite the nightmarish vision of camels roaming where cattle used to graze the Arab presence is negli-gible."

That panelist, Stephen Weber, director for operations for Oppenheimer Industries of Kansas City, a land investment, broker-

#### Panelists Say Information Hidden, Sketchy

age and management concern with a substantial foreign clientele, maintained that the concern over foreign investment in U.S. farmland "may be a media

At the same time, he and other participants, including Stanley Sargol, assistant director of the General Accounting Office. which is gathering data for Congress on foreign ownership of farmland, conceded that no reliable method exists for determining the extent of foreign ownership. Congress is considering legislation to require disclosure of such holdings to the Department of Agriculture.

John Gornall Jr., a lawyer

whose Atlanta firm has handled a number of foreign land acquisitions, said, "I'll guarantee you this, you'll never find out that any of my clients own United States land unless they want you to know it. A lot of foreign trans-

actions are structured in such a way that you cannot find it." He' noted that in some South American countries, for example, taking capital from the country is a felony, so acquisitions here are

The panelists appeared at a seminar sponsored by the Georgia World Congress Institute, a state-funded informational group. Sen. Herman Talmadge. D-Ga., has been a leading advocate of mandatory disclosure of foreign holdings of farmland and is a chief sponsor of a Senate-approved bill to implement disclo-

Mr. Sargol of the GAO, which has completed a preliminary spot survey to "suggest" the extent of foreign ownership, conceded that foreign ownership could not always be determined. In a study completed in June,

the GAO sampled 11 counties in Georgia, and three each in California Kansas and Missouri. "The bottom line," he said, "was that 44,000 acres out of 16 million in the counties had been bought by nonresident aliens," about one-tenth of I percent. He reported that in Johnson

County, Ga., more than 6 per-

cent of the farmland was foreign-

A telephone check by The New York Times in Johnson County revealed that the land referred to, according to the Clerk of Courts Daley Powell, had been bought by four corporations with the names Southeastern Investors Land and Cattle Co., Norfolk Farms, Cypress Farms and Southeastern Cotion.

The governor's office in Altanta said that the owners of the Georgia corporations were "European banks," but he suggested that the actual purchase money was likely in trust - "and that could be anybody, maybe Arabs, anybody."

The General Accounting Office found that while nine states had general prohibitions or major restrictions on foreign ownership of land - Connecticut, Indiana, Kentucky, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire and Oklahoma in the aggregate, state laws do not significantly inhibit for-

eign ownership of land."

foreign ownership. Iowa reported only three-hundredths of 1 percent of its farmland was owned by foreign or substantially foreign interests and Nebraska, nine-hundredths of I percent. The rate of foreign buying of

U.S. farmland, however, might have been suggested by a report from Vermont, based on a limited survey, which found that nonresident aliens in that state bought 951 acres, or about 20 percent, of the total 4,746 acres of farmland that were sold in four of the state's 14 counties during 1976 and last year. Mr. Sargol conceded that his office had not determined what percentage of recent land purchases were made by foreign interests, only the amount now held in comparison with the total

amount in existence. Regardless of the extent of foreign ownership, panelists made it clear that farmers and politicians in major agricultural areas were concerned, and that the specter of foreign control of part of U.S. agricultural resources might be politically unacceptable, regard-

makeshift white flags and bundles of belongings, others looted. About 2,000 people broke down the re-mains of plate glass windows at the Two Brothers department store. making off with radios and huge

less of the reality.

#### boxes of toilet paper. Two young girls carried out stacks of blue ieans. A Few Snipers

Several residents said they thought that the Sandinistas, with their ranks swelled by high school students to between 1,500 and 2.000, had abandoned the city two nights ago, leaving behind only a few snipers to cover their retreat. There had been no battles in the

town since late Thursday night, residents said. Witnesses came forward with tales of atrocities that they said had

been perpetrated by the national guard. Olivia Guerra, a 19-year-old Red Cross volunteer, said she had been

carrying a wounded 24-year-old local merchant to a Red Cross post along with other volunteers when a three-man national guard patrol in a jeep told her to put the stretcher down and leave it behind. As she

(Continued on Page 2, Col. 8)

## **Experts Say Cancer Virus Nearly Proven**

By Harold C. Schmeck Jr.

NEW YORK, Sept. 22 (NYT) -An international medical research team has all but proven that a virus known to be widespread throughout the world is a cause of at least one type of human cancer.

been trying to prove that viruses are among the causes of human cancer. Proof has always been elusive, but would be important for a better understanding of the cancer

For many years scientists have ity of developing a protective vac-

The findings, from a field study begun in Uganda in 1971, "strongly support a causal relationship" beprocess and for practical public tween the virus and the cancer, the

in the Iranian holy city of Qom and

secular law at Tehran University,

ial benefit of the Shiite communi-

ty, promoting the establishment of

clinics, schools and sports centers among the Shiites, who traditional-

the political and economic power

Clergy Suspect Qadhafi

powerful Moslem clergy of Iran plan to send a delegation to Col. Qadhafi, who they believe is hold-

ing the imam, clergy sources said

is holding Imam Sadr," said a top leader of Iran's Shiite clergy, who asked not to be named. "We don't

think Imam Sadr is in Iran as said

in some foreign reports."

The source said investigations by

the clergy's representatives in West-

prison outside Tripoli "but we can-

He said the Iranian clergy was

investigating the possibility that the

imam may have quarreled with Col.

Qadhafi, decided to leave before

the national celebrations and

fully omitting any attempt to govern the FBI's domestic intelli-

Edward Kennedy, D-Mass., chairman of the Administrative Practic-

iciary Committee, was coordinating

the final preparation of a bill on foreign intelligence electronic sur-

veillance. He had become con-

vinced, during the two years he

worked on this measure, that other

Attorney General Griffin Bell told

Sen. Kennedy that the Carter ad-

ministration would submit its pro-

posals for an FBI charter by Sept.

No proposal has yet been made.

A Justice Department spokes-

man said in a recent interview that

there is no intentional foot-drag-

ging, but that the charter assign-

ment required more time and prep-

aration. The spokesman said the

Justice officials plan to attend a judiciary subcommittee hearing to

But some congressional aides

and civil libertarians are concerned

that while the charter draft is de-

layed there is an erosion of commit-

ment on Capitol Hill and among

the public to setting down clear

One clear area of concern is a re-cent bill that would release the FBI

and other federal lawmen from lia-

bility for abusive investigative tech-

Part of the problem arises over

whether the charter proposal would

one by one.
One sensitive question is the

FBI's role in domestic intelligence.
The American Civil Liberties Un-

ion has recommended that the bu-

reau be held to a "criminal stand-

ard" so it could investigate dissi-

dent groups only when it could establish that there was evidence

they were involved in criminal

rules for FBI agents.

sharply diminished.

present some of their key ideas.

At almost the same time, Sen.

gence operations.

regulated.

not substantiate our information."

whereabouts of the imam.

"We are convinced that Qadhafi

TEHRAN, Sept. 22 (UPI) - The

of the country,

vesterday.

been cut off from most of

Libyan Plot Seen in Imam's Disappearance

#### Leader Vanishes; Moslem Sect Angered

By Thomas W. Lippman BEIRUT (WP) - The disappearance of one of Lebanon's most prominent religious leaders has provoked grief and outrage among his followers and ignited an international dispute about what happened to him.

Imam Musa Sadr, 50, spiritual leader of nearly a million Shiite Moslems in Lebanon, was last seen in Tripoli, Libya, Aug. 31.
Libyan officials said he took a flight to Rome that night. It has

been confirmed that his name was on the passenger list of an Alitalia flight on that date, but authorities in Italy said there is no proof that the imam actually left Libya. There is no record that any traveler bearing that name entered Italy, but if it was the imam he could have used Rome airport as a transit point to some other destination.

The Shiites believe he never left

Libya. Prominent members of the Shiite community here and in Iran have charged that he was arrested on orders from Col. Moamer Qadhafi, the Libyan leader. They said Col. Qadhafi viewed the imam as a threat to his own aspirations to a position of religious leadership among the world's Moslems.

#### Added to Tensions

The disappearance of the imam has predictably added to the tensions afflicting Lebanon. The High-er Shiite General Council organized a general strike last Friday to demand the return of the imam. The strike shut Moslem West Beirut and several other towns, and the council said that would be only the

Thousands of posters showing the imam's bearded face have been plastered on walls and automobiles around the country, asking where he is. At the Shiite council headquarters, on the coast south of Beirut, groups of men, some of them armed, have been meeting to consider their next move.

An investigating team sent to Tripoli and Rome by the Lebanese government returned Sunday night with no new information.

Omar Misseikeh, the Cabinet secretary who headed the inquiry, said he had been assured by the second-ranking leader in Libya, Maj. Abdel Salem Jalloud, that Imam Sadr left Libya on the flight to Rome, but there is no trace of him in Italy.

The Shiite branch of Islam, which differs from Sunni Islam in its beliefs about the succession to tered in Iran.

That has prompted speculative thority became a key impetus for reports in some Arab newspapers the writing of a full legal charter for that Imam Sadr, who was born and the FBI that would not only set educated in Iran, and has a reputation as an opponent of Shah Mohammed Reza Pahlavi, had traveled secretly to Iran to join Shiite unrest against the imperial rule.
That theory is rejected absolutely ing of the Senate and House intelligence investigations, and two years after the need for a charter was first

by the Shiite leadership here. The Ayatollah Shraiat Madri, one of the most prominent Shiite figures in Iran and a leading opponent of the shah, sent a telegram to Col. Qadhafi saying: "The whole world knows the imam was invited to your country and that he went there. Since then, there has been no news of him."

how to make a trouble-free move

CONTACT AN ALLIED OFFICE

to Presidents Houari Boumedienne of Algeria, Elias Sarkis of Lebanon and Hafez al-Assad of Syria, saying the responsibility for Imam Sadr's disappearance lies with the

Libyans.
Christian newspapers here have suggested that Col. Qadhafi arrested the imam because of a dispute over what use had been made of money the Libyan leader had given him to finance political activity among the Shiites of southern Leb-

That theory is indirectly supported by Shiite officials who confirm that on an earlier trip to Libya, the imam had quarreled with Col. Qadhafi over two issues - the role of Shiites, traditionally the most backward and least influential of Lebanon's religious groups, in the country's Moslem-Christian struggle, and Col. Qadhafi's religious

It is known that Imam Sadr was invited to attend ceremonies marking the anniversary of the Libyan revolution on Sept. 1. He accepted, and traveled to Tripoli on Aug. 25 with two companions, Sheikh Mohammed Yacoub and Abbas Badreddin, a journalist. All three

vanished on Aug. 31. Shiites who believe the imam is still in Libya point out that if he had gone to Rome on Aug. 31, as the Libyans said, that would mean he left before the ceremonies that

were the reason for his trip. But if Col. Qadhafi really wanted to get rid of Imam Sadr, as some believe, he could have done booked the Aug. 31 flight out, but that something happened to him before he boarded the plane. so under much less embarrassing

WASHINGTON, Sept. 22 (NYT)

— In the furor over FBI spying on

such domestic dissidents as the

U.S. Communist Party, the Social-

ist Workers Party and the Black

Panthers, a great irony has largely

been obscured: The bureau never

had clear legal authority to open or

maintain investigations of such

For more than 40 years it ex-pended millions of dollars and

thousands of man-hours in domes-

tic snooping on the fragile authori-

ty of instructions from attorneys

general and broad requests from

By 1976 this absence of clear au-

down its responsibilities and its ju-

risdiction but restrain use of illegal

or questionable investigative tech-

recommended, the plan seems mired in the swamp of Washington

The Senate Committee on Intelli-

ence issued charter proposals in

800,323-1909

February dealing with the gather-ing of foreign intelligence and care-

Now, three years after the open-

organizations.

Creation of FBI Charter

**Snared in Bureaucracy** 

By Nicholas M. Horrock

issue of Nature, the British scientific weekly. The virus is called the Epstein-

Barr virus after the two British scientists who discovered it more than a decade ago. The cancer is called Burkitt's lymphoma. It is a cancer of the body's lymphatic system that ealth reasons, such as the possibil- research group reported in a recent constitutes an important health problem among children in some

#### The Front-Runner

equatorial areas of Africa.

"The Epstein-Barr virus is the front-runner in the race to be elected the first human oncogenic [cancer-causing) virus," said a commentary in another British scientific journal, Lancet. "Some say it has came to Lebanon in 1960. He gained great popularity by his ener-getic work for the material and soalready breasted the tape, but the evidence has so far been laboratory rather than epidemiologically

> The new evidence is based on shidy, blood samples were taken from 42,000 young children living in an area where Burkitt's lymphoma is relatively common in an effort to discover whether those who ter developed the cancer had a different experience with the virus than those who remained free of the disease.

Since virtually everyone in that area becomes infected with the vi-rus during childhood, it was not enough to show that the child who later developed the cancer had been infected. There had to be something unusual about the person's vi-

rus experience, The research group, led by Dr. Guy de-The of the International Agency for Research on Cancer.

expected to test three hypotheses. ern Europe pointed to a Libyan plot to deceive the world about the The first was that there was no relationship between the cancer and the virus infection. The second was that the cancer developed shortly after infection with the The clergyman said he was con-vinced the Imam is being held in virus, and the third was that the cancer developed only after long and heavy exposure to the virus.

#### Strong Support

The findings from the study strongly support the third hypothesis and also reinforce the longstanding belief among scientists that there is another factor, in addition to the severe virus infection, that must be present if the cancer is to develop.

Many scientists believe malaria

is an essential factor for this type of cancer. A public health project under way in Tanzania is expected to give strong evidence on this. Public health workers there have been giving drugs to children to prevent malaria and malaria infection among them has dropped from 40 percent to 5 percent.

If the strongly suspected link be-tween Burkitt's lymphoma, Epstein-Barr virus and malaria is valid, a drop in the frequency of that kind of cancer should become es subcommittee of the Senate Judevident in the next several years.

In a commentary in Nature accompanying the report from Dr. de-The's group, Dr. M.A. Epstein said the new study shows a stronger relationship between the virus and aspects of the FBI's investigative powers needed to be clarified and the cancer than the evidence that has established heavy cigarette smoking as a cause of lung cancer.

#### Principal Pioneer

The British scientist was the principal pioneer in efforts to link Burkitt's fymphoma with the virus that bears his name. In the commentary, he noted that previous laboratory studies have proved that the virus is found in the patient's cancer tissue and that, in the testtube, the virus is able to transform human white blood cells into a cancer-like state.

"Direct proof that Epstein-Barr virus causes Burkitt's lymphoma can only be obtained by showing that vaccination against the virus decreases tumor incidence," said Dr. Epstein. He said the Uganda data lends support to a proposal to launch such a project and to at-tempts to diminish another type of cancer called nasopharyngeal carci-noma which is also suspected of having the virus as one of its major causative factors. Nasopharyngeal carcinoma is a major form of cancer among some Far Eastern

niques. If it were to pass and no charter were to be run through Congress, the agency's desire to have its role clarified would be In addition to the International Agency for Research on Cancer, a World Health Organization group, the organizations that contributed to the study in Uganda were the East African Virus Research Instibe all-inclusive — that is, describ-ing the FBI's jurisdiction in its criminal investigations, recordtute, Entebbe; the University of Erlangen in West Germany; the U.S. keeping functions and laboratory work — or whether Congress Center for Disease Control in Atlanta, and Children's Hospital, should take on the bureau's duties Philadelphia.

#### Main Alitalia Flights Canceled by Strike

ROME, Sept. 22 (AP) — All do-mestic and international flights of the Italian airline Alitalia from the country's three major airports were canceled today because of a 24hour strike by flight assistants.

Without clear legal instructions, The workers' union called the strike in Rome, Milan and Naples many law-enforcement experts sug-gest, the FBI is in danger of again engaging in techniques that will lat-er be criticized or found to be illeairports after negotiations for the renewal of the labor contract failed over disagreement over salaries and fringe benefits. injuries. Sometimes they roll dice to decide the winner of a major

soldiers from five nations fight a war without bullets in the hill country 50 kilometers (30 miles) northeast of Frankfurt. Bursts of smoke and gadgets that

go "boom" simulate gunfire.

A U.S. soldier of the "Blues" on

To make sure that friends, enemies and umpires understand he is "firing" his weapon, the soldier yells, "POW, POW, KAPOW."

A British Special Forces soldier in blackface squats at a busy village intersection to squeeze the trigger of his anti-tank weapon at an "Orange" armored vehicle cresting "That's a kill, mate," a fellow

soldier declares. The umpires make the actual

decision, ordering the wounded to wear bandages died red and to strap-on plastic gore that imitates

#### Eanes Attacks Dissension of Lisbon Parties

LISBON, Sept. 22 (UPI) - President Antonio Ramalho Eanes today rebuked the country's squabbling political parties for crushing the people's faith in democracy and outlined their alternatives for obtaining stable government.

"Successive political crises have made the people increasingly confused, increasingly disinterested in political life and increasingly skeptical of a [democratic] government's capacity to deal adequately with the immediate aspirations of the people," Gen. Eanes said in a national television and radio broadcast.

He said that irresponsible party attacks against each other and against the president threatened to create a destructive spiral.

His speech broke a weeklong period of silence, after the parliament toppled his personally chosen stopgap Cabinet of independent tech-

He said the four big minority parties must choose between forming a coalition among themselves, participating in a nonpartisan gov-ernment which would give them time to reach an interparty compro-mise, or naming a caretaker cabinet to prepare early general elections.

officially terminated yesterday, the head of state, Lt. Gen. Olusegun Obasanjo, announced on Lagos radio. The military government, in office since a bloodless coup on July 29, 1975, is committed to hand over power to a democratically elected civilian government by Oct.

tion of the constituent assembly. inaugurated last October to draft a

than those of the ancient Euro-

peans, but consumed less fuel in

the process and produced a medi-

nationalists today pledged to es-calate the guerrilla war in the territory and "liquidate" any black African government elected there under South African auspices.

Reacting to Prime Minister John Vorster's statement on Wednesday that South Africa would go ahead with elections this November, the vice president of the South-West Africa People's Organization, Mishake Muyongo, said that SWAPO would "never" participate in them.

"Instead, we will intensity the armed struggle and liquidate whichever puppet regime Pretoria is going to install in Namibia," Mr.

Muyongo said.
At the same time, he said,
SWAPO would call upon friends— 'especially the socialist countries' - to provide it with "all-out military assistance" so that it could "effectively wage the war to its logical

#### Soviet, Cuban Roles

The Namibian nationalist group already has several thousand guerrillas being trained and armed by the Soviet Union and Cuba at

bases in Angola.

The two Communist powers are expected to increase their aid to SWAPO, possibly including the de-fense of its Angolan bases. This would greatly increase the risk of a confrontation between them and South African forces, which have already raided a number of times

into Angola. Mr. Muyongo said that he was speaking on behalf of SWAPO President Sam Nujoma. He read a prepared statement indicating that what he said was official policy. He spoke at a press conference at the Namibia Institute here, accompanied by a dozen members of the SWAPO central committee and with pictures of Fidel Castro. Samora Machel of Mozambique and Agostinho Neto of Angola on the wall behind him.

While pledging a "protracted war of national liberation" in Namibia, Mr. Muyongo said that SWAPO was well aware of the regional and international implic tions of such a confrontation with South Africa. He called on all friendly countries to give "concrete and effective support" to Angola and Zambia to help defend them against South African attacks as the war escalates.

#### Doors Closed

He asked the United Nations and the Organization of African Unity not to recognize any African government that comes to power as a result of the South African-spon-sored elections in Namibia scheduled for Nov. 23.

Mr. Muyongo said that South Africa had now closed all doors to peaceful settlement of the Nami

- the United States, France, Brit-Pollock Pines, Calif., who describes ain. West Germany and Canada on a plan for elections that would be supervised and therefore recognized by the United Nations. Pretoria finally agreed to the Western plan in April, but has now backed

> Mr. Muyongo accused the South Africans of following a "double strategy" all along. He said they had succeeded in buying time "to completely militarize the country by building additional bases and

> Western powers at the United Na-tions had been, the SWAPO official, who has just returned from

New York, said: "They didn't know what to say. There is total confusion in the Western camp... The best thing they can do is apologize to the Nambian people for wasting their time." He said that SWAPO would con-

## S. Africa Is Warned

### 'Protracted War' Pledged In Namibia by SWAPO

By David B. Ottaway

LUSAKA, Zambia, Sept. 22 something new and serious to dis-(WP) - Namibia's militant black cuss regarding the new deadlock "For us," he went on, UN super-

vision and control "meant the capacity to neutralize demobilize control and supervise the with drawal of the South African trigger-happy troops, and to also momitor the activities of the police force in order to create conditions conductors to fair elections. ducive to fair elections."

S. S.

He added: "The obvious and simple reason why the South African government has backed out of the plan is that the South African ruling group is not ready to face the inevitability of a SWAPO victory at the ballot box."

#### Guardsmen Take Esteli (Continued from Page I)

walked away, she saw guardanen execute the wounded man.

Much of Esteli was in ashes and many homes had their roofs blown off by rocket, artillery or tank fire. The city has been abandoned by most of its 25,000 residents; 6,000 refugees were confined in a high school on the edge of town, many of them sick with malaria.

Observers said that government control of the six cities attacked by the guerrillas did not mean the and of opposition to the Somota sovernment. The guerrillas were expected to revert to hit-and-run tac

In addition, a nationwide general strike against Gen. Somoza was hitting hard at the country's economy.
In a letter to the United Nations

and other international organizations, a group of eight prominent citizens of Esteli accused the national guard of arbitrary arrests house searches, massacres, shooting up Red Cross vehicles and refusing a truce to bury the dead.

#### Britain to Grant Independence to Caribbean State

LONDON, Sept. 22 (UPI) -Britain has agreed to grant full in-dependence to the small Caribbean Associated State of St. Vincent, the Foreign and Commonwealth Office said today. The agreement was reached at

the end of four days of talks he-tween a British delegation headed by Foreign Office Minister of State Ted Rowlands and a St. Vincent delegation headed by Premier Milton Cato. The Foreign Office said no date for full independence has been set but it is likely to be early

The Foreign Office said a draft - The Foreign Office said a draft independence constitution will be prepared on the basis of the findings of the conference and will be published before being submitted for approval by the St.

House of Assembly.

The Foreign Office said invitations to the conference were sent to an pontical parties in St. Vincent but that both opposition parties af lark (1. all political parties in St. Vincent ter first agreeing to take part

#### Philippine Rebels Kill 3 on Power Crew MANILA, Sept. 22 (UPI) - ha

Heavily armed guerrillas of the Care had communist New People's Army struck a northern campsite of the government's National Power a Corp., killing three persons, the him her a

Ministry of Defense said today.

Four others were critically statement wounded and two were missing at the statement of the s the ministry said. The report said that about 20 of the Maoist rebels

Excavations, Research in Tanzania Show

#### African Iron-Age Smelters Were Ahead of Europeans from the outside of the shaft's base It is now known that the Afriof an industry of the early Iron By Boyce Rensberger

NEW YORK (NYT) - Prehis-

in what is now Tanzania, practiced a method of smelting iron and making carbon steel that was tech-nologically superior to any steelmaking process in Europe until the middle of the 19th century, an anthropologist and an engineer have

cans were among the earliest of peoples to develop a technology for smelting iron ore. The new discovery establishes that the African process was more sophisticated than

durable than plain iron. The discovery, reported in the Sept. 22 issue of the journal Science, was made by two researchers from Brown University in Providence R.I. - Peter Schmidt, an anthropologist, and Donald Avery,

"This knowledge," the scientists wrote, "will help to change scholar-ly and popular ideas that technological sophistication developed in Europe but not in Africa. In that respect, the ramifications are significant for the history of Africa and her people."

#### Old Men Remember The discovery grew out of Dr.

Schmidt's nine years of research on the Haya tribe of Tanzania. For three of those years, he lived among the Haya, peasant agriculturalists on the western shore of Lake Victoria who raise bananas, beans, coffee, test and cattle.

sands of years, but had ceased early in this century when an influx of cheap imported steel tools displaced the aucient methods. um-carbon steel that was far more Dr. Schmidt found some old men

who had been steel makers in their youth 50 to 60 years earlier and who remembered how to make and operate the furnaces. They were eager to relive the experience, he The furnace that the men built

and operated turned out to be just like those found in archaeological excavations of Haya sites dating back between 1,500 and 2,000

The furnace is a pit in the ground lined with mud from termite mounds. Into the pit goes a large heap of charred swamp reeds. A shaft of slag and more mud is built, about three feet across and five feet high and tapering in toward the top. Charcoal is heaped in the shaft, with a mixture of chunks of iron ore and more charcoal on top.

#### Superior Blast Pipes

What makes the Haya smelting furnace so superior is that instead Inquiring about the orally of simply blowing cold outside air transmitted traditions of the Haya, in through holes at the bottom to the anthropologist was told about a fan the fire, the Africans make long "shrine tree" that marked the site ceramic "blast pipes" that reach next furnace cycle,

deep into the charcoal heap. Eight the heap blast pipes are used eath lead by a lead to heap the heap blast pipes are used to heap the heap blast pipes are used to heap the h blast pipes are used, each less of hand-operated goatskin bellows.

When the pipes become hot, they preheat the incoming air to more than 1,100° F, so the temperature than 2,00° F, so the temperature than 1,100° F, so the temperature than 1,100

than 1,100° F, so the temperature inside the furnace rises to more than 3,275° F. This is at least 360° than 3,275° F. Thi than 3,275° F. This is at least 300 hotter than the highest temperatures achieved in experiments with the state of the sta reconstructed ancient European and Call to A The hotter temperature means should be the smelters.

that more iron is extracted from the that more iron is extracted from use ore. As iron melts and dips out of the ore, the melting point of the remaining ore increases. The hotter the furnace, the more of the retaining iron can be extracted. maining iron can be extracted.

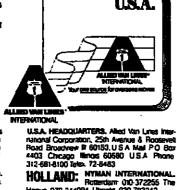
As one batch of ore is being the state of the state

smelted, another is being rossied. This is a process that causes carbon atoms from the charcoal to swamp reeds and the charcoal to swamp reeds are charcoal to swamp reeds and the charcoal to swamp reeds and the charcoal to swamp reeds are charcoal to swamp reeds and the charcoal to swamp reeds are charcoal to swamp reeds and the charcoal to swamp reeds are charcoal to swamp reeds and the charcoal to swamp reeds are charcoal to swamp reeds and

After seven or eight hours of continuous blasting with new ore and charcoal being added at the top as the heap diminishes in size, the furnace is allowed to cool when the shaft is taken flown lumps of steel are found in the bed of reeds. Haya blacksmiths work these into tools. The roasted of chunks are ready to smelt in the

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IMPERIAL RICE CROP - Japan's Emperor Hirohito harvests rice from a paddy in the Imperial Palace compound. The rice, which he planted May 29, will be offered at the great Shinto shrine at Ise as the year's first rice crop. **NATO Soldiers Practice** In War Without Bullets SCHOTTEN, West Germany, Sept. 22 (UPI) — Sixty thousand engagement. West German children find the whole affair highly amusing gig-gling at soldier antics, bicycling in the wake of huge M-60 tanks. The maneuvers are part of "Certain Shield," one of 30 exercises making up this year's NATO fall maneuvers in Europe. About 13,000 U.S. soldiers, including rega pine-covered peak fires a burst from his 50-caliber machine gun at an "Orange" scout vehicle. ulars, National Guard forces and reservists, and 48 F-4 Phantom fighter-bombers were flown to Europe to take part.

> wars in Europe, and several of the armies that now work together under a common command were fighting each other.
> Soldiers fight pretend wars under restrictions unknown in real war. "In a real war, we would not

These are the most massive

maneuvers since the time of Kaiser

Wilhelm II," said Gen. Franz Josef

Schulze, the West German who is

NATO's supreme commander of

Of course, since the last time Kaiser Wilhelm watched

maneuvers, there have been real

allied forces in Central Europe.

have the administrative constraints we have here today," said 1st. Lt. Joseph Hardesty, of Frankfurt, Ind. By which he meant, "We can't go through cultivated fields or plough through German property."

But within those restrictions, the ommanders make the pretend war real as possible.

"We let them do their thing out last year with five Western powers But within those restrictions, the commanders make the pretend war as real as possible. there," said Capt. Bob Saxby, of

himself as "the voice of umpire control." There are no false restraints. The only time we might stop them is if the forces get all scrambled up and somebody might get hurt."

#### Nigeria Lifts **Emergency Rule**

LONDON, Sept. 22 (AP) — Nigeria's state of emergency was

1 next year. Lagos radio reported the dissolunew constitution for the country.

uso by bringing more troops into Asked what the reaction of the

ter the Wednesday attack at Pasil, about 250 miles north of Manila, and a said He said that SWAPO would consider resuming talks with the Western governments only if it were survey team with rifles, pistols and shortones.

cans used advanced techniques that Age. The Haya, he learned, had not only made their furnaces hotter practiced steel making for thou-

toric African civilizations, thriving between 1,500 and 2,000 years ago

It has long been known that Afri-

Beit Britain

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clusion: that Oswald was the lone

assassin. But they said the commis-

sion's investigation probably would have been much broader had the

FBI and CIA shared all of their in-

formation about the case.

Mr. Rankin and Mr. Katzenbach

said they have been shocked to

learn, from previous investigations of government intelligence activi-

ties, the extent of the information

that the FBI and CIA withheld

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Group Faces Citizen Challenge

#### U.S. Spy Unit Notes Show Files on Political Activists

By Bill Richards

- A national police intelligence network, which received federal funds, kept intelligence files on political activists and others, and included officials of at least two California utility companies in its meetings, according to records kept by the group and the FBL

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The files were kept on suspected political activists by the Law Enforcement Intelligence Unit, a national police information network set up in 1956 to aid local and state police departments in keeping in-formed on organized crime. The group numbers about 250 police departments today and generally keeps a low publicity profile. In the past, LEIU officials testi-

fied before a congressional investi-gating committee that their organi-zation keeps intelligence files only on figures of organized crime. Offi-cials said that the bylaws of the group restrict membership to police intelligence organizations and that the files are tightly controlled to prevent information from leaking.

**Rights Group Challenge** 

Civil rights activists and others recently have challenged the LEIU, asserting that it spied on political activists and maintained intelligence files on persons not directly involved in organized criminal activities, including opponents of

FBI documents obtained by a Chicago-based coalition of civil rights groups and others show that special agents of the Pacific Tele-phone and Telegraph Co. attended

#### Newsmen Assail Court Decision On Farber Case

HACKENSACK, N.J., Sept. 22 (AP) — Journalists and newspaper executives yesterday criticized a New Jersey Supreme Court. ruling that upheld contempt convictions of The New York Times and its reporter Myron Farber for a first property of the New York Times and its reporter Myron Farber for a first property of the New York Times and its reporter Myron Farber for a first property of the New York Times and its reporter Myron Farber for a first property of the New York Times and its reporter Myron Farber for a first property of the New York Times and its reporter Myron Farber for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and its reporter for a first property of the New York Times and the New Yo reporter, Myron Farber, for refusing to surrender Mr. Farber's notes on a controversial murder case.

"We have never had a fair hearing in this case and we are going to the United States Supreme Court for that hearing," James Goodale, executive vice president of The Times, said after the 5-2 decision.

The New Jersey court has ruled that in the future, other journalists must be given a hearing before being required to turn over their notes to any judge," he said. "But Mr. Farber continues to be denied just such a hearing and has been ordered to spend at least six months in jail. We think this is unfair and unconstitutional."

Edwin Tucker, general manager of the New Jersey Press Associaton, said that he was "shocked and disappointed" by the decision. He said that investigative reporters might find confidential sources "drying up."

WASHINGTON, Sept. 22 (WP) an LEIU meeting as members in 1960 in San Francisco, and that PT&T agents and representatives of the Pacific Gas and Electric Co. attended a similar meeting in Oakland in 1962. Additional LEIU intelligence

files, which were obtained by the Chicago coalition, indicate that LEIU maintained intelligence files as late as 1976 on members of a black nationalist group, an Indian activist group and members of antiwar groups.

The files were obtained by attor-

neys for the Alliance to End Repression, a Chicago organiza-tion, and a coalition of 31 other civil rights, church and political organizations. The coalition obtained the files under a disclosure motion made in a suit that it filed in 1974 against the Chicago Police Department's subversive unit.

Richard Gutman, an attorney for the coalition, said yesterday that his group obtained more than 100 intelligence cards on individuals kept by the LEIU. Most of the cards were kept on organized crime figures, he said, but about 20 were kept on "political dissidents."

"A number of these people have

no criminal record or connection with organized crime," Mr. Gutman said. "They were only involved in lawful political activity. This is the first concrete evidence that LEIU engaged in gathering and disseminating information on lawful political activities. We think it has the effect of inhibiting people from freely expressing their First

Amendment right.
Thomas Ruxlow, vice chairman of LEIU, denied that his group maintained files on political activists. Mr. Ruxlow, who is head of the Iowa state division of investigation, said that if files were kept in the past on political activists, they have been purged from the organization's records. But he said that the files may still have been in the Chicago police records because the Chicago Police Department may not have followed an order by the national group to purge its LEIU

No Arrest Record

Accoring to LEIU documents made available to The Washington Post by the Chicago coalition, several intelligence files included persons who apparently were not covered by the bylaws of the group.

A 1971 file contributed by the

police department of Rediands, Calif., lists a law student with no arrest record. The only information on the student is that he was a "recognized leader of peace move-ments" and that he organized and raised money for draft evasion counseling and peace demonstra-

Other files were kept on a University of Washington professor, a leader of the Republic of New Africa, a southern black separatist a huge national petroleum reserve project to store half a billion barmovement, a member of the Black Panther Party, a member of the Communist Party and members of the American Indian Movement.

He contradicted testimony given

the previous day by Mr. Park and

one of Mr. Park's employees, who said that they did not remember any request to change the designa-tion of the money. Mr. Park said that he had sent 30 bills of \$100 in

a sealed envelope to Rep. McFall's

office after Mr. Barnes had called

to remind him of a promise to con-

the money, but denied soliciting it.

Question on Acceptance

barnes said. It was then that he al-legedly called an employee of Mr. Park and got the approval to change the designation, he said. Asked if Rep. McFall had had reservations about accepting the money from Mr. Park, Mr. Barnes replied: "I'm afraid Lean" rive you

replied: "I'm afraid I can't give you the particulars of something that

didn't seem of any great consequence or importance at the time."

own initiative he had held the mon-

He said, however, that on his

Mr. Barnes acknowledged that

had accepted money from Mr. Park Shortly after the telephone

call from the reporter, he had de-

stroyed a cover letter from Mr.

Park that had come with the mon-

O Los Angeles Times

ey, Mr. Barnes said.

#### Ex-Aide Admits Handling Park Cash for Lawmaker

tion to Rep. McFall's office

WASHINGTON, Sept. 22 — A former senior aide to Rep. John McFall, D-Calif., testified yester-day that he had deposited \$3,000 in cash from Korean lobbyist Tong-sun Park in separate \$500 install-ments and had destroyed a cover letter from Mr. Park to protect his boss from "political embarrass-

"I didn't feel it would be to Mr.
McFall's advantage to make such a
large deposit," Raymond Barnes,
Rep. McFall's retired administrative assistant, told the House Select Committee on Ethics during its second day of public hearings on the

The committee has charged the 11-term congressman with failing to report \$3,000 of \$4,000 cash campaign contributions from Mr. Park in 1974, with converting the funds to his personal use and with bring received the money "under circumstances that a reasonable person might construe as influenc-

Rep. McFall's attorney countand that the charges had "no facstead on "broad innuendo, circumstantial evidence and vague implications." Rep. McFall is ex-pected to testify on his own behalf

Mr. Barnes repeatedly said that te could not remember the details of his dealings with Mr. Park, but he said that he had "a vivid recolection" of calling Mr. Park's office and of receiving permission to change the \$3,000 campaign contri-buion into an undisclosed dona-

#### U.S. Said Violating Haiti Refugee Rights

WASHINGTON, Sept. 22 (UPI)
The National Council of
Caurches said today it will file a complaint with the Organization of American States charging the Unit-ed States with violating the rights of Unitof Haitian refugees.

The action by the church agency sems from government steps to deport the refugees without full hearasylum, according to the Rev. William Wipfler, human rights director of the National Council's Division of Overseas Ministries. The State Department says that the Haitians are not entitled to political asylum because they are economic refu-



from the top of the 22-story Kincaid Towers in Lexington, Ky. The bag burst and Mr. Bakunas suffered fatal injuries.

#### Stuntman Dies as Cushion Fails $m{After~323 ext{-}Foot~Free~Fall~in~U.S.}$

LEXINGTON, Ky., Sept. 22 (AP) - Movie stuntman A.J. Bakunas died today of injuries after he attempted to set a free-fall jump record yesterday by leaping 323 feet without a parachute from the top of an office building, officials said.

Members of the crew shooting the film "Steel" said that a canvas

and plastic air bag intended as a cushion split open when Mr. Bakunas hit it. He was estimated to have been moving at 115 miles

an hour when he hit.

Mr. Bakunas, 27, who jumped from the top of Kincaid Towers, suffered multiple injuries and had been under intensive care at a hospital. He had said before jumping that he wanted to accomplish the feat because "somebody's got to do it." He said: "I am a professional stuntman and I have pride in what I do."

Mr. Bakunas said that he had always wanted to excel at one thing: free-falling from great heights. He had previously set a world record, 232 feet, in a jump from a helicopter. That mark was surpassed Sept. 2 by Dar Robinson, who jumped 286 feet from a helicopter in Buena Park, Calif.

Mr. Bakunas said that he had been injured only twice in 2,500 jumps, four of those from heights of more than 200 feet. Albert Bakunas, the stuntman's father, had said before the jump that he was "a proud, nervous wreck." Lee Majors, star of the film, had said that a record-breaking

7 Million Barrels Stored

jump would help publicize the movie.

#### Man Dies in Blast, Fire At Huge U.S. Oil Reserve

killed one man and seriously injured another late yesterday, and a plume of pressurized oil still burned over the scene today.

The fire, in a swamp about 20

miles south of Lake Charles, La., lessened overnight, but officials said it might burn for two days. It was fed from an underground cav-ern — 10 stories high and as big as a city block — that held 7 million barrels of crude oil being stored as a hedge against foreign oil embar-

Firefighting experts waited for workmen to relieve pressure in the cavern before trying to extinguish the blaze, which roared up a drill pipe during routine maintenance and caught about 20 men on a drilling rig, officials said. Two men were burned, four dived to safety in mud bank and the others clambered down a staircase just ahead of the flames.

"We don't know what Mr. Barnes admitted receiving happened," said Bill Parker, deputy project manager. But workmen said the fire was touched off by a spark "I was in touch with Mr. McFall later by telephone, and he said: 'Well, put it away and we'll discuss that was struck while they were pulling a drilling bit up the pipe. it when I get back from California." Mr. Barnes recalled. Several weeks later, Mr. Barnes

#### said, he and Rep. McFall discussed IRA Said to Get U.S. Binoculars "There was some question about whether a campaign contribution could be accepted since Mr. Park For Night Vision was not an American citizen," Mr. Barnes said. It was then that he al-

Provisional wing of the IRA was re-ported today to have obtained three sets of U.S. electronic nightvision binoculars that can detect infrared-ray equipment used by the British Army in surveillance operations after dark. The army in Northern Ireland

refused to comment on the reports, which cited only "a Belfast security SOUTCE. The source reportedly said that IRA sympathizers in the United States stole the binoculars, together with rifles, during 1976 raids on

ey in his locked drawer for three months before depositing it in five periodic installments in Rep. McFall's office account. National Guard armories in Massachusetts and Tennessee. The anti-surveillance binoculars he had denied to a newspaper re-porter in October, 1976, that he can enable snipers to pick out targets in the dark, the source said.

rels of crude oil. The burning oil came from one of five caverns at the Hackberry dome, the first of four such storage sites along the Gulf Coast. It blew when the cavern was half full.

"We've got every trick in the book working to try and control it," said Mr. Parker. Earthen dikes were hastily pushed up to contain the flames

before the pressure is equalized,"

Mr. Parker said the oil in the cavern was under pressure of 650 pounds per square inch, which was forcing oil back through the well hole. We are going to have 25,000 to 30,000 barrels come out of there

**Union Leaders Call Strike** At All British Ford Plants

LONDON, Sept. 22 (UPI) --- Unstrike of all 56,000 workers at Ford Motor Co. plants throughout Brit-ain to protest a company offer of a five-percent pay increase.

The decision came at the end of a 2½-hour meeting of leaders of 15 unions represented at Ford plants. Ron Todd, chief union negotia-tor and national organizer of the gi-ant Transport and General Workers Union, telephoned Ford man-agement during the meeting to ask if they would resume negotiations with a higher pay offer. Manage-ment refused and the strike was

Earlier, nearly 15,000 Ford workers had staged wildcat walkouts to protest the company's offer.

30 Percent Demanded

The unions had demanded a 30percent increase for the annual

Italy's Research Budget ROME. Sept. 22 (UPI) — Italy expects to spend 1.944 trillion lire (\$2.35 billion) this year on scientific research, the National Research Council said today in a report for submission to Parliament. It said that this is a 23.9-percent increase

contract coming into effect in late October. The Ford offer corresponds to the British government's

wage guidelines. Mr. Todd said union leaders supported "the action of our members against what we consider to be a derisory offer," and he referred to Ford's position as a "refusal to negotiate under free collective

A Ford statement in response to the strike call said, "We are com-pletely disappointed."

#### Western Asks Flights To 2 European Cities

LOS ANGELES, Sept. 22 (UPI)

— Western Airlines said yesterday
that it had asked the Civil Aeronautics Board for anthority to provide transatlantic service to Amsterdam and Brussels.

Western, which serves 43 U.S. cities, mostly in the West, said that it would provide twice-weekly service between Anchorage and Am-sterdam and three flights a week from Minneapolis-St. Paul to Amsterdam and Minneapolis-St. Paul to Brussels. Service between those points is being considered in the U.S.-Benelux proceeding now fore the board.

## **Orly and Roissy,** the same boutiques ARROPORT DE PARIS as in Paris.

Before Assassination Panel

#### **Ex-Director of CIA Counters Katzenbach Testimony**

Senate Panel Backs Cut

In Taxes on Capital Gains

By Edward Cowan

WASHINGTON, Sept. 22 (NYT) would flow to persons in upper-in-In a setback for the Carter come brackets because they ac-

administration, the Senate Finance count for most of the capital gains

ately available.

drafting.

Committee decided vesterday to reported. A detailed breakdown by cut capital gains taxes by \$3 billion income brackets was not immedi-

zenbach.

commission - former President

Gerald Ford, a House member at

the time of the commission's work;

former Sen. John Cooper, R-Ky.,

Adopting a proposal by its chairman, Sen. Russell Long, D-La., the Finance Committee agreed by voice vote to exclude 70 percent of

long-term capital gains from ordinary income tax, instead of the

present exclusion of 50 percent.

A change in the way capital gains

- profits on the sale of securities, land or other assets - are taxed

would benefit taxpayers in all in-

come brackets who have such

gains. However, congressional aides said that most of the benefit

Little Progress

In Talks in U.S.

Teacher Strikes

NEW YORK, Sept. 22 (AP) -

Negotiators met but reached few agreements as teachers' strikes con-

tinued today in several U.S. com-

munities. The walkouts affect more than 500,000 students from elemen-

tary school through college, with

most of the disagreements center-

All-night discussions in Bridgeport, Conn., produced no positive results and more than one-

fifth of the city's 1,250 teachers re-

main jailed, in National Guard

camps, for refusing to obey back-

Fall River, Mass., teachers dem-

onstrated last night and continued

their 10-day walkout in defiance of

iudicial orders, despite a \$20,000-a-

day fine imposed against their un-

cluding the 100,000-student Cleve-

land system, negotiations remained deadlocked. In Pennsylvania, about

37,000 students in eight districts

were still out of school and no end

In five Ohio school districts, in-

to-work orders.

ion yesterday.

For a gain to qualify as long-term, an asset must be owned by a tax-

payer for one year or more.

with the Warren Commission as and John McCloy, a high-ranking commission reached the right con-

Lee Rankin, the Warren Commis-

sion's chief counsel, and Mr. Kat-

All five said they believe the

The committee's action could be

modified by the full Senate when it

acts on the general income tax re-

ductions that the committee is

The House in August approved a

\$16.3 billion overall tax cut, including a \$1.8 billion reduction in capital gains levies. However, \$745 mil-

lion of that sum resulted from a

House decision to give homeowners a one-time exclusion of up to

\$100,000 of profits on the sale of a

Sen. Long thinks that this is too

generous and he is expected to try

to whittle down the exclusion in a

House-Senate conference next month. The House, in turn, is likely

to resist raising the excludable por-tion of capital gains to 70 percent, as is the administration.

With the administration arguing

that it is undesirable to give as much as \$3 billion of tax relief to

persons with capital gains, it ap-

pears that the conference would make the excluded portion 60 per-

cent or else find another approach.

In another development, the

Finance Committee declared that a

decision it made Wednesday to

deny deductions for the ownership

of yachts, hunting lodges and other

facilities used for business enter-

tainment would not apply to the

purchase of season tickets for pro-

fessional sports or tickets for the

theater or opera. Those outlays

would continue to be deductible. Mr. Carter's sweeping proposals for tightening up on business enter-

tainment deductions would have

made all such expenses nondeducti-

ble. But lobbyists for the theater

and for professional sports told

Congress that such a change would

deprive them of an important part

of their revenues and would force

them to raise ticket prices.

By and large, Congress has shown little inclination to accept

Mr. Carter's entertainment crack-

down, apart from the limited tight-

ening approved by the committee Wednesday.

WASHINGTON, Sept. 22 (AP) with the Warren Commission as and John McCtoy, a nign-ranking they took testimony yesterday from the three still-living members of the three still-living members of the committee also questioned Helms said today that a former attorney general could not have told the truth when he swore he could not recall meeting with Mr. Helms about the handling of a Soviet defector, Yuri Nosenko, whom the CIA later kept confined in conditions of "hostile interrogation" for more than three years.

Testifying at a House Assassina-tions Committee hearing on the death of President John F. Kennedy, Mr. Helms presented memos of his meeting with Nicholas Katzenbach to discuss the Nosenko matter on April 2, 1964. Mr. Helms told the panel that his

lawyer recently contacted Mr. Katzenbach to discuss Helms' recollections of the meeting.
Mr. Katzenbach yesterday de-

nied under oath that he had any re-collection of the 1964 meeting. Asked if Mr. Kalzenbach's statement could be true, Mr. Helms replied, "No, it could not."

Mr. Katzenbach was deputy attorney general at the time of the Kennedy assassination in Dallas on Nov. 22, 1963. He later served as attorney general

Knowledge of Oswald

Mr. Nosenko defected in 1964. claiming he had been a Soviet KGB official and had extensive knowledge of Lee Harvey Oswald's activ-

The Warren Commission did not question Mr. Nosenko, Mr. Helms, then a deputy director of the CIA. said the agency believed Mr. No-senko to be a Soviet plant and expressed that opinion to the com-

mission.
But in April, 1964, Mr. Helms said, he and other CIA officials were making plans to confine Mr. Nosenko in "spartan circum-stances" for intensive questioning. He said they met with Mr. Katzenbach and other Justice Department

During the meeting a depart-ment lawyer expressed the view that Mr. Nosenko was an alien who could be paroled to the custody of the CIA and that "CIA could do anything to carry out the terms of parole," Mr. Helms said, reading from a memo prepared by the CIA

counsel at the meeting.

Mr. Katzenbach asked the lawyer to research the question further and contact the CIA, and this was done, Mr. Helms said.

**Probably Never Told** 

Mr. Helms acknowledged that Mr. Katzenbach probably was nev-er told the details of Mr. Nosenko's confinement for more than three years in a tiny concrete-and-steel cell where he was fed a diet of tea. porridge and macaroni and was denied virtually all human contact.

Mr. Nosenko eventually convinced the CIA that he was not a of the teachers' walkout was in plant, and he was given a new iden- sight. tity and a job as a consultant. Committee members raised ques-

tions about CIA and FBI dealings

#### Senate Rejects Gift to Japan

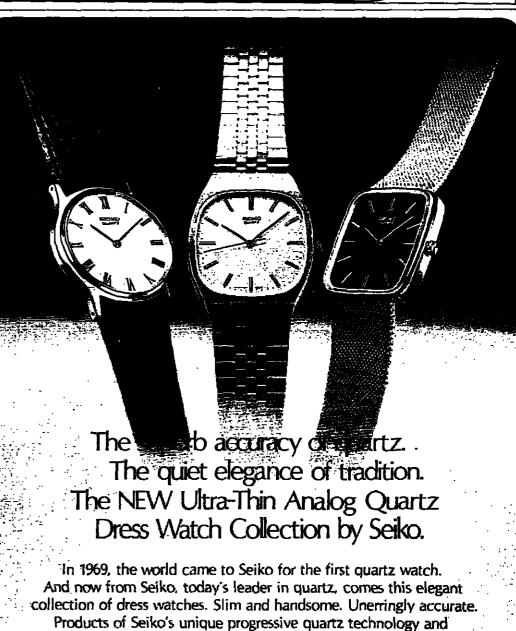
WASHINGTON, Sept. 22 (AP)

— The Senate yesterday refused to approve a \$7.5 million contribution to the UN University in Tokyo. The 38-29 roll-call vote came as

the Senate opened debate on a \$9.2 billion economic foreign-aid bill. Opponents contended that such a contribution was likely to balloon to a \$50 million expense and was an unwise use of foreign-aid funds. Sen. Daniel Inouye, D-Hawaii, had defended it as a gesture of thanks for Japanese aid to refugees from the Indochinese war zone.

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Page 4 Saturday-Sunday, September 23-24, 1978

### South Africa's Time of Trial

It is hard to exaggerate the importance of the passage that southern Africa has entered by virtue of John Vorster's resignation as prime minister of South Africa and South Africa's simultaneous rejection of the UN plan, which it had previously accepted, for bringing independence to Namibia. Mr. Vorster's departure removes a leader who, if stubborn and perverse by Western standards, had the stature at home to make serious change at least thinkable; no possible successor can hope to claim the same power.

Meanwhile, Pretoria's rejection of the UN plan on Namibia creates a new prospect of crisis: In place of reasonably orderly, internationally approved change in Namibia, internal violence and international tension hang even more darkly over the whole southern African sky.

What went wrong with a Namibian plan that seemed so valuable and promising to South Africa just a few months ago? South Africans claim that the United Nations, to favor the externally based guerrilla group known as SWAPO, made unacceptable changes in the April plan: increasing the size of the UN election-supervisising force to 7,500, installing a 360-man UN supervisory force over the local police, pushing back the date of elections by a few months. But it is absurd and unforgivable for South Africa to be quibbling over changes, if they are that, of such trivial dimensions, when quibbling means putting at risk immense gains in security and respectability ensured by sticking

with the UN plan. It is hard not to conclude that Pretoria's action arose not from those details but from pressure among Mr. Vorster's would-be successors to show their toughness at a moment of transition.

This sequence is foreseeable if Pretoria runs its own elections: first, SWAPO will resume guerrilla war and invite in the Cubans with all that means to the U.S. effort to provide a peaceful non-Communist option for the settlement of African disputes. Then, the United Nations will vote economic sanctions against South Africa, facing the United Staes with an issue painful and divisive in both its political and diplomatic aspects. Further, perhaps deadly blows will be delivered to attempt to bring about a decent solution in Rhodesia and to substitute reform for revolution in South Africa itself.

With stakes of that magnitude, there is good reason to proceed with the utmost care. Hoping against hope, the United States is taking the position that it is still possible to draw back from the precipice. It is trying to hold the decision open and give Pretoria room to reconsider. The fight over the succession makes this an extraordinarily difficult time for South Africa to do that. Yet if South Africa can not, there is scant reason to believe it can do anything effective to spare itself a storm dwarfing every other ordeal it has endured in the past.

THE WASHINGTON POST.

### **Pinched for Pinching**

We read the story "A Pat on the Bottom Lands Virginia Man in Jail" with a mixture of satisfction and sorrow, knowing full well that Walter Combre richly deserves his 60 days in jail, his \$150 fine, and his lecture on the women's liberation movement for pinching Vickie Evans "on the posterior end"; yet knowing, too, that the liberties taken by Mr. Combre, and the resultant penalties, are bound to have some inhibiting effect on time-honored custom - if not, in fact, on liberty. No more will swaggering men feel free, so to speak, but will rather discipline themselves to keep their arms at their sides, their eyes on higher matters. Whistles and hoots will undoubtedly go next. There will be an eerie silence at constructin sites.

This eventually had to be, of course, but it's too bad the revolution had to come at the hands of Mr. Combre. Miss Evans testified that not only had Mr. Combre pinched her on the day in question, but that he had also done so the day before. The second time around, Miss Evans was sitting on her porch when Mr. Combre attacked. She chased him

back to his yard and hit him on the head with her shoe; whereupon the fanatic Mr. Combre drew a gun, hopped into his van and bumped Miss Evans as he drove away. In short, Mr. Combre was not your ordinary pincher. Yet the exception will make the rule

As long as a precedent is being set, however, we ought to correct a statement of District Judge Joseph Jordan, who handed down the ruling. In reference to the pinch, Judge Jordan said that the equal status of men and women "does not grant special liberties unless you're invited by the other party." That is an unlikely occurrence, even in the friendliest relationships. The success of the pinch -- according to those who practice such things — depends totally on surprise. An invitation would be pointless. There is no use creating contingencies.

No, let it go cleanly. Shakespeare spoke of "Necessity's sharp pinch," and he was right, as usual - whatever way you choose to read

THE WASHINGTON POST.

#### **International Opinion**

#### Vorster Steps Down

Mr. Vorster leaves for the next prime minister a country full of problems — increasing economic difficulties and an unworkable Bantustan policy are among the main internal ones - but not a country that is on its last legs. The decision to go it alone on Namibia was

not unexpected. It has been clear for some time that reconciliation between the South African objectives and the plan endorsed by the United Nations would be difficult. The substantial delays to the holding of elections which the United Nations scheme would entail, the large-scale presence of UN troops which would be required, and the apparent partiality shown by the UN to SWAPO, especially on its claim to Walvis Bay, were all factors contributing to the South African cabinet's loss of patience.

There is no doubt that any elections held under the auspices of South Africa will be boycotted and disregarded by SWAPO, who would also be likely to launch a campaign of intimidation and violence. Even if the elections were held peacefully, the results would have no standing in the international community. No claim to independent status by whatever government emerged from the elections would be accepted by any foreign country. Whoever takes over from Mr. Vorster will have his hands tied to a considerable extent by his own cabinet colleagues and by the dictates of party policy. The future of Namibia is less predictable.

- From the Times (London).

It has become urgent for South Africa to find a way out of its political isolation and combat the senseless international boycott propaganda. This is something Prime Minister Vorster's successor will have to tackle. His problem will be to steer the nationalistic conservatism that forms part of the facts of life in South Africa towards policies that demonstrate a willingness to effect reforms.

- From the Neue Zurcher Zeitung (Zurich).

#### Camp David Aftermath

Almost everything Mr. Begin has said since the signing of the Camp David agreements has been liable to provoke his Arab opponents or humiliate Mr. Sadat. The urge to gloat seems irresistible. . . The Israelis. . . may wish to disregard the summit of confrontation states taking place in Damascus, but neither they nor the Egyptians can disregard the action of Saudi Arabia and the other conservative oil states.

So far their opposition to the agreements has been measured, and the Saudis have implicitly given Mr. Sadat their endorsement for a separate treaty. The obvious requirement on the Israeli side is that Israeli luck should not be pushed too far, but that does not seem to have entered into Mr. Begin's calculations. On the best interpretation, Camp David represented the ultimate in what President Sadat could give. On a worse interpretation, he gave too much, he will suffer for it, and the Middle East will undergo an even worse conflict as a result. That is the question which a few weeks, or at most months, will decide. . . What Israel now needs to do is the opposite of what Mr. Begin has done since Monday: It is to give the agreements their most liberal interpretation in favor of the Palestinians.

- From the Guardian (London).

#### In the International Edition

#### Seventy-Five Years Ago September 23, 1903

NEW YORK - The New York Sun commented in an editorial: "It is the duty of the President of the United States to avoid all unnecessary exposure of himself to the possibility of assault by malice of lunacy, and to ensure efficient guards of his person. 'His people,' as the example of President McKinley at Buffalo so sadly demonstrated, include all sorts and conditions of men, and among them crazy enemies of the social or-

der to whom assassination appeals irresistibly as

a means of gratifying revenge or acquiring

#### Fifty Years Ago September 23, 1928

NEW YORK - According to the most recent research findings, the best chance of solving the cancer problem lies not in the hope of any single great discovery, but in the patient accumulation of a multitude of facts derived from research and experience. There is already enough expertise with radiation therapy and surgical procedures to save the lives of many patients if they would only come forward for early diagnosis. The public should know that the study of cancer is being pursued as never before.



### Chinese Comet in Balkan Sky

By Leopold Unger

may well lead to a trip by Hua to

the Communist bloc.

reasonably, can it do?

act in three ways.

86 years old.

ble than ever.

delay, any EEC-Peking rapproche-

ment. And in the Balkans, it can

It can try to apply economic sanc-tions to Yugoslavia and Romania.

This is a tactic already used by Sta-

lin after the Tito schism in 1948

and by Nikita Khrushchev follow-

ing his break with Mao Tse-tung.

However, history has shown this

type of action to be largely ineffec-

foment a pro-Soviet political oppo-

sition in Belgrade and Bucharest.

And although this type of intrigue pays few dividends in the short run,

it may turn out to be a solid invest-

ment in the long run, particularly

in the expectation of unrest follow-

ing the death of Tito, who is now

be easier. The Romanian leader has

to put up with an economic crisis.

labor unrest — particularly in the mining sector — a bureaucracy that

was severly shaken by the security chief's recent defection to the West

and by a never-ending purge of its

cadres. Ceansescu is more vulnera-

Moscow may also try to foster an

outburst of nationalist sentiment

within the Balkans. In previous times of tension, Stahn and his suc-

cessors have already used this form

of diversion. It was child's play coaxing the Hungarians of Transyl-

vania to rise in opposition to the

Wooden Habits

Re: "Unions vs. The Multiple-Choice Test." (IHT, Sept.6) the

"antipathy" with "animosity" has a leaden ear for language. "Antipa-thy" derives from the Greek, anti +

pathos, signifying that one enter-tains a feeling against a thing or person or practice. As a noun, "antipathy" denotes the passive holding of such a feeling, as in, "Although he preser said so he die

"Although he never said so, he dis-

ferent kind of noun. It is an active

noun, as its Latin root, animosus,

tells us. It signifies the fullness of fury, or the wind blowing violently,

or the power of courage, all of

which are active qualities. To equate "antipathy" with "animosity"

reveals a very wooden habit of

mind, as well as a wooden under-

standing of language. The tester-should have included another slot:

J. M. B. CRAWFORD.

None of the Above."

"Animosity," however, is a dif-

liked Bloggs.

-Letters-

As for Ceausescu, the task will

The Kremlin can also try to

Brussels — Tito will not be going to Moscow this year. The trip that he had scheduled to follow that of Hua Kuo-feng to Belgrade has just been canceled, and preciely because of the Hua visit.

Moscow's reaction to Hua's Balkan voyage was — and still is — far too nerve-wracking ("close to paranoia," according to a diplomat in Moscow) to allow any hope of a calm conversation between the Yugoslav leader and Soviet President eonid Brezhnev.

China never has been a "normal" adversary for the Soviet Union and after Hua's meanderings in the Bal-kans, the tone of the Soviet press has become harsher than ever. Pravda made its objections very clear: "There must be an end to Peking's provocations and expansionism in Europe." It is proof of an agitated state, which finds some justification in the results of the Hua trip that the Russians have al-

#### Headway

For the first time since the Yalta agreement, a powerful nation frankly hostile to the Soviet Union headway in the Balkans, an area which the Kremlin considers of primary strategic value. After decades of desperate efforts to isolate Peking, Moscow is now made to realize that China has gained a beachhead in the political and ideological "soft underbelly" of the So-Furthermore, Moscow's reaction

following Hua's trip served only to hightlight Yugoslavia's and Romania's independence from the Soviet Union. According to the Soviet press, these two countries were "irresponsible, absurd, intolerable, unjust, thoughtless" in receiving Hua. And while Romania's reply was prudent and restrained, Yugo slavia's was direct, energetic and even sarcastic. (Tito let it be known that he's been through the same thing with Stalin.) However, both countries made it very clear to the Kremlin that they had no intention of changing thier policies toward

In paying a call Tito, one of the founders of nonalignment, and to Nicolae Ceausescu, an enthusiastic admirer of the Yugoslav leader, Hua has placed China squarely in the Third World. And for the Soviet Union this means that Peking has one main goal: to counter the Third World's pro-Soviet trend as it is promoted by Cuba.

And adding to all that, three weeks after Hua's return from the weeks after Hua's return from the Balkans, an extroardinary delega-tion from the European Economic Community will be visiting Peking. The EEC delegation will be headed by Wilhelm Haferkamp, the vice-president and foreign affairs com-missioner of the EEC, but its mem-less will be made up half of high bers will be made up half of high officials of the European organiza-tion and half of representatives of the biggest financial and industrial firms of Europea, including the As-sociation of European Banks, the Industrial Union of the EEC, Roy-al Dutch Shell, Saint-Gobain, Olivetti, Mann and the Bruxelles-Lambert Group.

The unusual makeup of this dele-

gation confirms Western Europe's interest in the Chinese market and its intention to play a major tole in Hua's plan to modernize China. The Kremlin sees this delegation's trip as a posthumous victory for Chou En-lai, who, from his deathbed in May, 1975, told Sir Christopher Soames — then EEC foreign affairs commissioner — that China and Western Europe must close ranks because of the So-

The Kremlin knows also that although the EEC delegation, which is leaving this weekend for Peking, will have an essentially economic role, its mission will unquestionably have some political fallout. It

Western Europe this year, during which the Chinese president would visit Paris, Rome and Brussels, the capital of the Common Market. Moscow, thus, believes that Hua's Balkan visit was only the first move by China in its strategy as a world power.

For the Kremlin, the Chinese danger is double. First, it threatens to complicate the relatively calm bi-

lateral relations it has had with Western Europe concerning security. China could, for example, show some interest in negotiations of the Helsinki type, in which other extra-European powers — the United States and Canada — have taken And even more important for the leaders of the Kremlin, Hua's trip

has already shown the real extent and the limits of the Brezhnev doctrine of limited sovereignty within The Soviet Union is unlikely to tolerate this situation. But what, There is no question of a resort to arms. But the Kremlin is preparing a series of moves to prevent, or

final touches on his reply to the Chinese diplomatic offensive during a visit to Hungary early next month. And according to Eastern European sources, this visit will be followed immediately by a Com-munist summit conference which will assemble all the Communist Party leaders and all the heads of member-nations of the Warsaw

A Western diplomat resumed the Hua trip as "the Hua Kuo-feng comet streaking the Balkan sky." It remains to be seen if Soviet light-ning striking the tail of the Hua

and to incite the Bulgarians to question the very existence of the Macedonian nation in Yugoslavia.

And following the Albanian-Chinese split, Moscow may also make use of a new ally — the 1.5 million Albanians living in the Yugoslav province of Kossovo. Has not Tira-na just qualified the Hua trip to the Balkans as a "provocation against Mr. Brezhnev will be putting the

porters who put their tape recorders on his desk, and grilled him on the unanswered questions in the still unpublished compromises at Camp David. What, precisely, did

Prime Minister Begin mean by saying the Israeli settlement could go on indefinitely, the reporters asked? What did he think of a United States senator's statement that Begin had won everything and that Sadat had lost everything at Camp David? Did he feel isolated from the rest of the Arab world by

his agreements at Camp David?
Also, what would he do if King Hussein of Jordan, and the Saudi Arabians, and the Palestinians didn't go along with the Camp David compromises? Argues Case

the compromises in jeopardy.

When he came down from Camp

David, President Carter went be-fore the Congress of the United States and emphasized what had been accomplished. But Begin and

Sadat went before the television

cameras in separate interviews with all three national networks and lat-

er met with selected newspaper re-porters to explain what had hap-pened. At this point, diplomacy and publicity came into conflict.

Background

gether for a breakfast in a base-

ment suite at the Washington Hil-

ton Hotel. The ground rules were that he was talking for "back-ground" — meaning that he was not to be quoted. He was almost recklessly confident and empha-sized not what had been achieved

at Camp David but what had been

avoided --- how he had managed to

reject what he regarded as the "outrageous" demands of Sadat, and even, at the end, of Carter's attempt to question the future of

On the evening of that same day, President Sadat held an open press conference at the Egyptian Embas-sy on Massachusetts Avenue. He

demanded no restrictions on the re-

Begin called a few reporters to-

#### All this took place in a dim room

in the Egyptian Embassy, periodi-cally but suddenly illuminated by his own television cameras - the U.S. networks were not there - so Sadat argued his case for the Cairo audience, but kept saying on the side: "We have a very delicate posicomet does not risk setting off the tion now and are very keen to ac-Balkan powder keg. And in this complish what we have agreed area of the world, this is not simply upon. . I would advise that we do

### **Gamble for Peace** In Mideast Tangle

By James Reston

WASHINGTON — The quest of differences but put it on the tion now about the Camp table for negotiation. David "Framework for Peace in the Middle East" is not whether it will

Sadat, unlike Begin, was receptive to the pugnacious questions of the reporters, but also so exhausted that at times he was not able to work — that comes later — but whether it will be given a chance to find the right words to express his In the privacy of the diplomacy at Camp David, Carter, Begin and

At one point, for example, he meant to refer to the Senate of the Sadat were able to work out a num-United States but called it "the Knesset"—the parliament of Israel. Even more startling, he referred ber of delicate compromises, but in the publicity after the summit, all the contending forces have been et. Even more startling, he referred at one point to Camp David as "Waterloo" — and after an aston-ished gasp from the reporters, he explained that he was so tired and had had so little sleep that he wasn't getting things straight. concentrating, not on the agreements but under the insistent questions of reporters and politicians, on the disagreements — and in this process they have been putting all

#### Pressures

It is not possible to understand all these tangles without recogniz-ing the personal and political pres-sures of the men who have to nego-tiate the vital interests of their countries, and make their way through national and world poli-

So Carter is waiting now to see whether the fragile compromise of Camp David will hold, and whether the Israeli Knesset and the leaders of Jordan and Saudi Arabia will go along with the imponder-ables that brought Carter and Sa-dat together to save the Camp Da-

vid conference from collapse. It is still a mystery how Carter and Sadat avoided a disaster at Camp David, as this colloquy at

Sadar's press conference indicates:
Question: Friday, when you called for the helicopter and were ready to leave, President Cartermust have said something to you that was rather persuasive.

Sadat: With President Carter, mark this: We shall face the impossible, whatever it is.

Question: But how did he prevail upon you to change your mind? What did he say, precisely? Sadat: Come, come, come, I can't disclose this between two

friends... he imposed upon me certain things that I wouldn't agree upon without his imposition.

Question: But what led to the breakdown from your view? What

happened that made you change your mind? Sadat: I shall never tell you Question: Was it that bad? Sadat: Yes. Because you know I

don't lose my patience easily. But Carter proved to have much more patience than me.

#### Mysterious

All this is vaguely mysterious, so we are left with the impression that at Camp David Begin insisted on a conclusion on a compromise that was unacceptable to Sadat, but was accepted reluctantly by Sadat on the urgent entreaties of Carter, the nature of which Sadat says he will "never tell."

Officials here say there was "no deal," no promises that made Sadat change his mind, only the hope that a vague compromise might keep the peace process going, and that the Knesset and King Hussein in Jor-dan and the leaders of Saudi Arabia and the other Arab states, even if they don't agree with the Camp David conclusions, will at least give

### Perplexing Shift in Sciences

By Daniel S. Greenberg

WASHINGTON — Leaders of staff." Relatively low in status, and the scientific community have so often employed panic tac-tics to expand federal spending for research that skepticism now often greets their contentions that all is not well in the house of science.

Nevertheless, though present-day U.S. science remains productive and rich by the standards of any other nation, it would be prudent to listen to what some of the sager, nonalarmist heads of the profession are saying. They are not proclaiming doom. Rather, they are expressing puzzlement and concern over a complex of changes now taking place in the innards of an enterprise on which we all depend for improvements in the treatment of disease, industrial and agricultural productivity, defense, energy sources and environmental purity. Thus we find Frank Press, the competent and calm White House science adviser, saying — in a mood of per-plexity — that "Profound things are happening in the sociology of science that we won't understand for 10 years." What does he mean?

#### In Harmony

Mr. Press, in harmony with many of his colleagues in the feder-al science establishment, is not so much concerned about the availability of money for science though that's a problem, too, given the fact that purchasing power for basic research has been on a plateau for a decade. What they are more concerned about are the longterm consequences of institutional changes that are squeezing a lot of youth, spring and vitality out of the conduct of research. For example:

 Throughout academe, a glut of tenured professors — hired in the boom days of the space era — is choking up job opportunities for newly graduated scienists. In 1968, youngsters were plentiful on physics faculties, 40 percent having received their Ph.D.s within the previous seven years. By 1975, the figure was 19 percent.

 Confronted with a new Ph.D. proletariat, academe has responded with the little-noted creation of a caste system that provides scientific labor at lower cost and without the long-term job commitments that have traditionally characterized university employment. Candidates not deemed suitable for faculty appointments are hired for what is referred to as the "doctoral research

without job security, these researchers rarely have an opportunity to develop their professional potential; they're hired hands, usually working on someone else's Undergraduate teaching posts

- which have long provided an invisible subsidy for graduate training — are on the brink of a major decline as lower birthrates begin to show up in lower undergraduate The scarcity economy in academic science has spawned a spirit of caution among young researchers anxious to make their mark. Department chairmen report that doctoral candidates are increasing-

 Meanwhile, industry has generally reoriented its research priorities in favor of short-term payoffs, rather than long-term inquiries of a fundamental nature. There are exceptions, but, by and large, science is a shrinking enterprise on the U.S. industrial scene, whereas in West Germany and Japan, it's coming up fast. And the U.S. shift is occurring at a time when, in a number of fields, including agriculture and pharmaceuticals, it is widely held that basic scientific knowledge has been pretty well ex-

standings. These and other problems have

ploited and that new developments

must await new scientific under-

and prescriptions for U.S. science. Among them are urgings for academe and industry to enter into collaboration on major scientific projects and for govenment to help break the tenure-logiam by subsidizing early retirements of academic faculty.

At the moment, however, the institutional base of science is being reshaped by forces that are only dimly understood. No one, in fact, is certain that these changes will be detrimental to the quality and pro-ductivity of science, as distin-guished from its lifestyle. The scientific community, after all, remains large and well financed. But it is becoming different, and that's why many of the statesmen of science wish they had a better under-standing of what this will mean for ly shunning long-shot thesis projects in favor of sage and sure probtheir profession and its ability to fulfill the demand for continued production of knowledge.

> The International Herald Tri bune welcomes letters from readers. Short letters have a better chance of being published. All letters are subject to condensation for space reasons. Anonymou letters will not be considered for publication. Writers may request that their letters be signed only with initials but preference will be given to those fully signed and bearing the writer's complete address. The Herald Tribune cannot acknowledge letters se

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Released by White House

### Official Letters Clarify **Camp David Arguments**

Arabs.

WASHINGTON, Sept. 22 (IHT)

The White House today released nine letters exchanged by President Carter, Egyptian President Anwar Sadat and Israeli Prime Minister Menachem Begin. But the most controversial one, which concerns Israel's withdrawal from the West Bank of the Jordan, was not among

The letters, released five days after the Camp David summit talks, concerned Jerusalem, the rights of the Palestinian people and the forthcoming vote in the Israeli Knesset (parliament) on the remov-

al of Jewish settlers from the Sinai Last Sunday, the final day of the 13-day summit meeting. Mr. Sadat wrote a seven-point letter to President Carter setting out Egypt's position on Jerusalem. He made these points:

 Arab Jerusalem is an integral part of the West Bank. Legal and historical Arab rights in the city must be respected and restored.

• Arab Jerusalem should be un-

der Arab sovereignty. • The Palestinian inhabitants of Arab Jerusalem are entitled to ex-ercise their legitimate national rights, being part of the Palestinian people in the West Bank.

Relevant Security Council resolutions must be applied with regard to Jerusalem. All the measures taken by Israel to alter the status of the city are null and void and should be rescinded.

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· All peoples must have free access to the city and enjoy the free exercise of worship and the right to visit the holy places without disfinction or discrimination.

• The holy places of each faith may be placed under the administration and control of their repre-

· Essential functions in the city should be undivided and a joint municipal council composed of an equal number of Arab and Israeli members set up to supervise the carrying out of these functions. In this way, the city shall be undivid- the Sinai that the Israelis will turn

Mr. Carter sent a copy of Mr. Sadat's letter to Mr. Begin, and, in a covering letter of his own, told the Israeli leader that the position of the United States on Jerusalem remained as stated by U.S. ambassadors in the UN General Assembly in July, 1967, and July, 1969.

The U.S. position is that the status of Jerusalem, which the Jewish state calls its capital, can be decid-

### ed only in consultation with the

Mr. Sadat wrote a separate letter to Mr. Carter on the same day reaffirming Egypt's position on Jewish settlements in the Sinai. He said that all Israeli settlers

must be withdrawn from the Sinai according to a timetable within the period specified for the implementation of the peace treaty.

If Israel failed to meet that com-

mitment, the "framework for a settlement in Sinai" that was signed at the end of the summit would be Mr. Carter also sent a copy of

that letter to Mr. Begin.
A third letter from Mr. Sadat to Mr. Carter last Sunday laid down the Egyptian position on the imple-mentation of the comprehensive settlement envisaged in the second document signed at Camp David: Framework for Peace in the Mid-

Mr. Carter, in his letter on the Jerusalem question, said that the United States did "not recognize the annexation" of East Jerusalem by the Israelis.

In a letter to Mr. Begin, Mr. Carter acknowledged that he had been informed by the Israeli leader that the expression "Palestinian people" or "Palestinians" is to be understood by Mr. Begin as "Palestinian Arahs.

Letters yet to be published relate to the West Bank settlements and the U.S. agreement to build Israel two military airfields in the Negev to replace three military airfields in

#### Arafat, Qadhafi, Hussein Hold Meeting in Jordan

KING HUSSEIN AIR BASE, to persuade King Hussein not to Jordan, Sept. 22 (UPI) — King Hussein, resisting intense U.S. pressure to join the Camp David neace moves, today received a neacemaking mission from Palesimian guerrilla leader Yasser and Libyan ruler Col. Moamer Oadhafi.

King Hussein greeted the two hardliners at the military airbase near the town of Mafraq. The three eaders talked for more than two

They then emerged smiling. swapping jokes, and walked a short distance to lunch. They declined comment to a small group of reporters who had rushed from Amman this morning, when news of

on the term the meeting leaked.

Mr. Arafat, head of the Palestine Liberation Organization, and Col. Qadhafi had not been on Jordanian oil since King Hussein's army drove out Palestinian guerrillas in a fierce civil war in September, 1970. Mr. Arafat left Jordan for good in early 1971 as the fighting waned. Libya broke ties with Jordan over the war. The relations were re-established about a year ago.

Drove From Damascus

The two leaders arrived in Jordan by car from a summit meeting in Damascus, where they plotted strategy to oppose the Camp David accords. Conference sources said that the mission was an urgent bid

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peace moves. King Hussein ended two days of talks with U.S. Secretary of State

Cyrus Vance yesterday without agreeing to join the initiative, but not closing the door on such a

Jordanian political sources said that King Hussein was biding his time and had told the visiting lead-ers exactly what he had told Mr. Vance — that Jordan still demanded total Israeli withdrawal from occupied Arab land and self-determination for the Palestinians. The Camp David accords guaranteed

"But the king also made it clear to the PLO and Libyan leaders," a government source said, "that he has no plans to join in open opposition to Camp David - only to wait and make further diplomatic contacts both with Arab and other leaders.

The king told reporters that the talks were "useful" but declined to go into detail on their substance. Moderates within the PLO had favored such a meeting early this year, when King Hussein warded off U.S. presssure to join the peace initiative of Egyptian President Anwar Sadat last November. But radical Palestinians rejected the idea, saying that King Hussein must at least renounce his refusal to allow guerrilla bases on Jordanian soil.

Diplomats said that it was virtually certain that King Hussein would stand by his ban on guerrilla

activity.
The hardliners are coming to Hussein, not the other way around," a diplomat said. The terms for any lasting rapproche-ment will be Jordan's."

#### **Cyprus Delays Execution of** 2 Palestinians

NICOSIA, Sept. 22 (AP) — The Cyprus Supreme Court has granted a government request to postpone again the execution of two Pales-tinians convicted of the assassination in February of an Egyptian newspaper editor.

The high court agreed to post-pone the execution, which would be the first here in 15 years, until Nov. 15, after Attorney General Criton Tornarides said that further investigation was necessary before a decision on mercy could be made by President Spyros Kyprianou. This is the third postponement.

Samir Mohammed Qadar, 28, and Zayed Hussein Alali, 26, were sentenced to death in April for the murder of Youssef Sebai, editor-inchief of Cairo's Al Ahram newspaper and a friend of Egyptian Presi-

dent Anwar Sadat Mr. Sebai's murder here prompted Egypt to send commandos to Cyprus to rescue hostages taken by two Palestinians. Cypriot national guardsmen killed 15 Egyptian commandos in the aborted rescue attempt.

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Gurion Airport near Tel Aviv as he arrived home following the Camp David summit conference.

#### On Arrival in Jerusalem

#### Israelis Give Begin a Hero's Welcome

welcomed Prime Minister Menachem Begin home in triumph from his Camp David summit talks with Egyptian President Anwar Sadat

"We have laid the basis for peace

Carter's Rating in Poll Jumps

In Wake of Camp David Accords

NEW YORK, Sept. 22 (AP) — President Carter's performance rating has rebounded sharply, rising 16 points in the afterglow of the Camp David summit, a new Associated Press-NBC News poll

But the surge, coming after months of decline, has left virtually

This suggests that the improvement in the overall perception of

untouched the public perception that Mr. Carter is not doing such

Mr. Carter after the announcement of the Camp David agreements

could be a fragile phenomenon unless the president makes progress

Mr. Carter's overall performance was rated "excellent" or "good" by 42 percent of the public, the latest survey found, com-

pared with the 26 percent combined rating found in a similar poll

in August. Mr. Carter got "only fair" ratings from 45 percent of

those interviewed, compared with 53 percent in August. And 12 percent rated his work "poor," compared with 20 percent last

The summit outcome summit is clearly the reason for the in-

crease in the rating of Mr. Carter's general performance. He won

excellent or good ratings from 74 percent of the public for his handling of the Middle East situation. Only 23 percent gave him

The poll of 1,600 adults was taken Tuesday and Wednesday. Mr.

Carter explained the summit outcome in a televised address to

Carter Asks Investigation

Of Friend's HUD Contact

By Richard D. Lyons

The grant had been solicited by Bombs Damage

"We've asked the legal counsel to take a look at that whole situation

Mr. Milliken reportedly put Mr.

Zamias in touch with HUD offi-

cials here. The grant is still under

Mrs. Carter and the Carters' son

Mr. Milliken is a friend of both

Mr. Milliken directs several non-

receive \$1.2 million in federal

Planes, Hangars

Later a bomb exploded in anoth-

Republican Army meanwhile claimed responsibility for seven

bombs that damaged three facto-

ries in Belfast Wednesday night. Two policemen were slightly

today. No one was hurt.

the hangar.

consideration.

only fair or poor marks. In January, the split was 50-43.

a good job handling economic and energy problems.

on other issues, particularly domestic ones.

Congress on Monday.

to charities run by a family friend and lobbying for a \$15-million fed-

eral grant, the White House an-

nounced Thursday.
The counsel to the president,
Robert Lipshutz, is to look into re-

ports that Bill Milliken of Atlanta,

an antipoverty worker who is a friend of the Carter family, had used his connection in an effort to

help a private developer in Johnstown, Pa, in his attempt to win a

federal development contract of \$15 million from the Department of Housing and Urban Develop-

ment, according to Jody Powell, the

George Zamias, who is building a large shopping mall with depart-

ment stores, an apartment house and a motel in Johnstown.

to determine as best he can the lacts of the matter," Mr. Powell

told a news conference at the White

He added that Mr. Lipshutz had

been asked to "make a recommen-dation about what, if anything,

Somalia Denies

Part in Gun Plot

NAIROBI, Sept. 22 (AP) — Somalia has denied that a consign-

ment of arms seized at London's Heathrow Airport was about to be

flown to the Somali capital of

spokesman, quoted on a radio broadcast monitored here, de-

scribed the report of the arms

seizure as "a malicious lie concoct-

The arms were found in packing

ed by the enemies of Somalia."

A Ministry of Information

White House press secretary.

"I wish on the house of Israel a year of peace, and with the help of God we shall sign a peace agree-ment quickly and be able to tell the world, not only in this generation

TEL AVIV. Sept. 22 (UPI) — in the Middle East," Mr. Begin said but in the coming generations, we in a brief address at Ben-Gurion will live in our land in peace, in honor, in freedom and with justice," he added. An estimated 30,000 persons

> roads to Jerusalem and in the holy city to welcome him. On Mr. Begin's arrival in Jerusalem by motorcade, Rabbi Moshe Porush extended an ancient Jewish welcome for conquering he-roes — a twisted bread known as chalah and a glass of wine. The loaf

turned out at the airport, on the

was three feet long.
Thousands stood outside the airport terminal carrying hand-paint-ed signs showing their support of him and chanting, "Begin, Begin,

More than 200 persons demonstrating against the Camp David peace accords stood under black umbrellas that symbolized Britain's 1938 appeasement policy toward Hitler carried out by Chamberlain.

Britain accepted Hitler's takeover of Czechoslovakia's Sudetenland in exchange for a promise that the Nazi leader would not seek further territory.

"Begin did what Chamberlain did in 1938 — he sold out our state," a protester said.

### No Promise, Begin Says

(Continued from Page 1)

governing authority that includes residents of the West Bank and Gaza Strip who are supporters of the Palestine Liberation Organiza-tion, the Israelis will negotiate with them. "It may happen. We will have to take that risk," he said, adding that the Israelis would demand that the Palestinians "not disturb the peace." WASHINGTON, Sept. 22 (NYT) needs to be done to make sure that — President Carter has ordered an if anything improper — or if anything that would appear to be improper to charities run by a family friend remedied."

• If the full autonomy plan and four-sided negotiations on the status of the West Bank and Gaza fail to produce a decision acceptable to Israel, the Israelis will simply maintain the status quo of occupation. "Nothing wrong will happen. Autonomy will continue."

• Israel feels that Mr. Carter gave a clear commitment to sup-port Mr. Begin's vow that Israeli Chip. Chip at one time worked for Mr. Milliken. troops can remain on the West Bank after the five-year interim pegovernmental antipoverty pro-grams, which aid poor and dis-turbed black students, and which riod ends, whatever decision is reached on the territory's final status. Mr. Begin said that President Carter gave that commitment by agreeing to include in the agreement a stipulation that "all necessary measures will be taken" to assure Israel's security "during the transitional period and beyond." U.S. officials thus far have not disputed this view.

 Mr. Carter was told by Mr. Begin during the summit that while Israel did not want U.S. troops sta-LONDONDERRY, Northern Ireland, Sept. 22 (AP) — Bombs wrecked aircraft and severely damtioned in the area, it would agree to the setting up of U.S. military facil-ities and bases in Israel if the Unitaged hangars at an airport here ed States wanted them for global security reasons. Mr. Begin speci-fied that this included the possibili-Two five-seater Piper Aztecs were destroyed in a fire after two explosions at a hangar belonging to Keys Air, an air-taxi firm. A car ty of establishing a U.S. base in Israeli-held portions of the Sinai peninsula during the three years Is-rael has to return all of Sinai to and small truck were destroyed in Egypt. But he stressed that this would have to be done at U.S. initier hangar containing two smaller aircraft belonging to the local fly-ing club, badly damaging one of them. The Royal Ulster Constabu-

The interview was conducted a few hours before Mr. Begin left New York for home.

#### lary said that there had been no warning before the blasts and no one had claimed responsibility. Malaysian, Teng Confer The Provisional wing of the Irish

HONG KONG, Sept. 22 (UPI)

— Malaysian Foreign Minister Ahmad Rithauddeen bin Ismail conferred with Chinese Deputy Premier Teng Hsiao-ping today in

# Train and Ship Service

On Summit Accords

#### Vance Fails to Get Backing of Saudis

RIYADH, Saudi Arabia, Sept. 22 Middle East problem. The reasons (AP) — U.S. Secretary of State are similar to those of Jordan. But Cyrus Vance wound up his talks with Saudi leaders today without a commitment from them to support the Camp David peace accords

Meanwhile, Syria informed him that it is postponing his scheduled

The Syrian announcement called it an "indefinite postponement." but Mr. Vance said that it was only a one-day delay and that he would be meeting with Syrian leaders on Sunday.

After a working lunch with Prince Sultan, the acting Saudi for-eign minister, Mr. Vance said that he and the Saudis held "discussions in depth that were absolutely essential." But, as in Jordan earlier this week, he reported no commitments. Then the Syrian government announced that it was postponing Mr. Vance's visit to Damascus, the scheduled third stop of his trip. The United States wants to try to temper President Hafez al-Assad's staunch opposition to the new

Israeli-Egyptian agreements. Syrian Apology

The Syrian announcement said that the Vance visit was being put off because the three-day-old summit meeting in Damascus of hardline Arab leaders was extending through the weekend. It said that Mr. Assad had apologized to Mr. Vance for the inconvenience.

There was no immediate explanation of any additional reasons

for the postponement. Speaking privately here, U.S. of-ficials said that they were not discouraged with the Vance trin so far and that they would continue to push for at least an Arab willing-ness to let the Camp David plan go forward.

"It has gone about as expected." an official said. "It's too early to tell what Jordan and the others will

Mr. Vance yesterday wound up two days of meetings with King Hussein in Amman, and while Foreign Minister Hassan Ibrahim said that Jordan would keep the dia-logue going with the United States, he repeated King Hussein's initial reservations about the failure of the plan to guarantee complete Israeli withdrawal from occupied territo-ries or the rights of Palestinians to

The Saudis have denounced the accords as unacceptable as a frame-work for a final solution to the

#### N.A. Kuznetsov. Ex-Official in Ukraine, Dies

MOSCOW, Sept. 22 (UPI) — Ukrainian newspapers this week re-ported the death of Nikolai A. Kuznetsov, 68, former deputy minister of internal affairs of the Ukraine.

Pravda Ukrainy said that Mr. Kuznetsov, a retired major general in the MVD, died Sept. 16 follow-

ing a long illness.

The newspaper said that Mr. Kuznetsov, a Communist Party member since 1929, during World War II was assigned to form Young Communist partisan groups working behind Nazi lines.

#### Indian Flood Victims

To Get UN Food Aid ROME, Sept. 22 (UPI) — The UN World Food Program said to-day that it will send \$3.9 million in

emergency food aid for flood vic-tims in India's Ganges valley.

The program will send 2,000 tons of dried skimmed milk and 2,000 tons of edible oil to supplement the diets of a million persons for two months. The government of India has already released 57,500 tons of wheat from its own stock for free distribution.

for the deeply religious Saudis, a particular problem is the failure of the accords to deal with occupied Arab Jerusalem, the site of important Islamic holy places.

The U.S. position on the key is-sues is that Israel, in the Camp David accords, agreed to a partial withdrawal from occupied lands. Mr. Vance has argued that once it has begun, the withdrawal process

#### Israel Reports Oil Find Inside Pre-1967 Line

TEL AVIV. Sept. 22 (UPI) - Israel has struck oil for the second time in a month and the latest find is inside its pre-1967 borders, a spokesman for the Energy Ministry said today.

The previous strikes were along the Gulf of Suez coast off occupied Sinai, which Israel is to return to Egypt as part of the Camp David

The present drilling is in an area 19 miles southeast of Tel Aviv where signs of oil were found in 1956. "The signs are most promis-ing," Energy Minister Yitzhak Mo-dai told the newspaper Yedioth

The paper said that it would take several weeks to determine whether the well can produce commercial

been hampered by the dispute with Israel over exactly what israel agreed to at Camp David.

The most important squabble concerns Israel's freeze on new settlements in the West Bank area. Israel contends that the pledge applies only for three months. The United States says that it applies

In the West Bank today, some members of an ultranationalist settlers' group whom troops evicted outpost returned to the site in an open challenge to Prime Minister Menachem Begin to have them forced out again. The group has de-nounced the Israeli leader's agreement to freeze the settlement pro-

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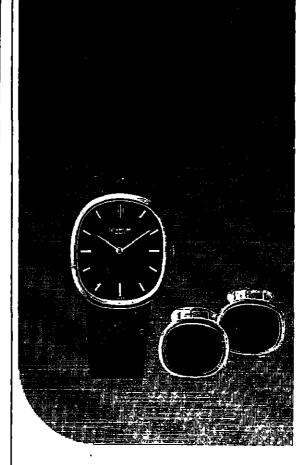
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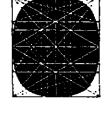
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#### 'Dracula' for Students of Stage Design

By John Walker

ONDON, Sept. 22 (IHT) L Style is difficult to define, for the same reason Fats Waller gave when someone asked him what swing was - if you got to ask, you ain't got it.

Both Trevor Nunn's production of Shakespeare's "As You Like It" at the Aldwych Theatre and Denis Rosa's warmed-over "Dracula" at the Shaftesbury Theatre have style, although neither quite lives up to Richard Eberhart's description of the quality as "the perfection of a point of view." But whereas, for all the imperfections, Shakespeare benefits from Numn's treatment. Dracula wilts under Rosa's adornments.

It seems usual for critics to go to melodrama and praise the scenery. (Hazlitt was much taken with the charm and overpowering effects of the decor when he reviewed "The Vampire" in 1820.) And Edward Gorey's designs for "Dracula" are notably stylish, delicately macabre studies in black and white, with just one blood-red touch in each scene.

Unfortunately, they do the play of the man who played the title no good. They are full of an artist's role: Bela Lugosi. This one is likely detail and are frequently more in-teresting than the drama unfolding on the career of Terence Stamp. in front of them, a leisurely adapta-tion of Bram Stoker's novel done in the 1920s by Hamilton Deane and rewritten for the American stage by John L. Balderson. Not only is the scenery distracting, but its one-dimensional cartoon style proves an impossible background for the cast to act against, although they try hard to resemble one-dimensional cardboard cutouts being manipulated by the cunning hand of their

Easy Laughter

Gorey's style is witty and misanthropic, full of a distanced melancholy - Rosa's is straightforwardly camp, a stylized parody of 1920s acting at its cinematic worst, using bathos as a means of easy laughter. It is a style that is an evasion of emotion, particularly those sexual ones which form the appeal of vampirism.

The original Broadway produc-tion of the play in 1927 made a star

play, where energy and panache are Rosalind Ayres is more successful in suggesting a typical whey-faced victim, Nickolas Grace rolls

his eyes and jerks his body effec-tively as the lunatic Renfield, and Rupert Frazer's young hero is dashing enough to suggest that he uld have made an excellent Dracula. But all are trapped within the narrow limits of Rosa's style, so that the bat that occasionally flits in and out seems the only character

on the career of Terence Stamp.

His cockney Dracula is not so

much undead as moribund, provid-

ing a vacancy at the center of the

not on the end of a string.

This is the second "Dracula" to be imported recently from New York to London and it reveals much about current commercial theater that both shows are of interest only to students of stage design. Gorey's bat-infested decor for the interiors of Dr. Deward's sanatorium makes little dramatic sense and is not as theatrically effective as Farrah's many-windowed dome for "The Passion of Dracu-la." But as to which is the better play, that would be like trying to decide the order of precedence beween a flea and a louse.

Trevor Nunn imposes an artificial style on "As You Like It," with costumes and decor and operatic intertudes that suggest a 17th-century pantomime of "Babes in the Wood." But it merely stresses the artifice of Shakespeare's play and allows some excellent comedy to

Nunn's desire for laughter some-times loses the distinction between the unnatural life of the court, where Duke Frederick banished everyone in sight, and the naturalness of the Forest of Arden, where the hanished duke lives in freedom with his followers and love-at-firstsight flourishes. Thus, when the duke rhapsodizes on life in the forest, finding sermons in stones, his companions stand shivering with the cold, undermining Arden's

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Charlotte Cornwell (left) and Cherie Lunghi in "As You Like It" function as a place of shelter and rejuvenation. from the flies in a golden shell restricted ing on clouds and a rainbow — but the annusement is not a means of The central love affair between avoiding the emotional realities of Orlando and Rosalind is shown to the play. It is based on affection be both ridiculous and touching, and designed to enhance the dra-James Laurenson's Orlando is ma, rather than merely mock it. tongue-tied, bashful and often un-

#### Munich Announces Music Prizewinners

sure of himself but filled with hap-

piness through his love, and Char-

lotte Cornwell's coltish Rosalind

burns with an eagerness for experi-

Nunn's real triumph is to make what often seems dull fooling into

delightful comedy. Touchstone's

disquistion on the etiquette of duel-

ing, which, on the page, seems to-

tally dead satire, is transformed by

Alan David into a hilarious vaude-

ville routine. And Jane Carr's pout-

ing Phebe, full of passion for the

disguised Rosalind, enlivens every

Nunn's style succeeds where Rosa's fails. He can gently ridicule the conventions of the play — it is

difficult, for instance, to take as

anything but fun the sudden ap-

pearance of Hymen, creaking down

scene in which she appears.

MUNICH, Sept. 22 (AP) — An American duo of Carter Brey and Barbara Weintraub won second place Wednesday in the cello-piano division of the international music competition sponsored by West German broadcasters.

The judges decided against awarding first prizes in any category this year. No reason for the deci-

sion was given. Another American, Jacqueline Peige-Green, 27, shared third prize with Keiko Hibi of Tokyo in the

women singers' category.

James Ross, 19, of Boston shared James Ross, 19, of Boston shared ing in Toulouse and in only a few third prize in the horn division with years there was nothing left of Zdenek Divky of Czechoslovakia.

TEON DIRECTORY

**Art in France** 

### Vestiges of Romanesque Sculpture

By Michael Gibson

NICE (IHT) — The charming little museum in Cimiez, a hilly suburb of Nice, devoted to the works of Marc Chagall on Biblical themes (its ungainly French name is Musee National Message Biblique Marc Chagall), is offering a temporary exhibition romanesque sculpture from Toulouse (Avenue du Docteur

Menard, Nice, to Nov. 13).
The splendid and moving vestiges of a vandalized treasure come. for the most part, from three great cloisters which were destroyed in the wake of the French Revolution, not out of revolutionary fervor. but, it is said, for the benefit of real-estate speculators who wanted the land.

The works are on loan from the Musee des Augustins in Toulouse, which is presently being renovated. The story of their survival is an intricate one, and the major figure in this piece of minor history is the attractive one of a self-taught archaeologist, the Chevalier Alexandre Dumege.

Art Center

Toulouse, it should first be said, was one of the great centers of religious art in the period concerned — the 12th century. It stood on the road to Compostello, the path taken by countless pilgrims on a jour-ney to the shrine of St. James in northern Spain. Under the firm leadership of the counts of Toulouse and a strong clergy, an articulate and refined religious culture developed in that city. The works thus produced survived the various trials and torments of the region and were not destroyed during the Revolution although the great buildings were abandoned or used as storehouses for forage. It was in this form that they en-

tered the 19th century. Dumege was "Inspecteur des Antiquites" in Toulouse in 1810 when the minister of the Interior sent out a circular asking the pre-fects of France to inform him about the state and current use of whatever abbeys still remained

standing in their territory. Dumege got off to a bad start. At the time he was interested only in Roman and Gallic vestiges, having originally come to archaeology out of a curiosity about Egyptian antiquity. And his particular interest came out of his being a Freemason. So he failed even to mention the three major monuments still stand-

Poor Dumege. Ten years later he started trying to save what could still be saved. In the intervening years he had discovered the beauty of this art which he had up to then ignored and, in fact, most of what remains today, some 200 sculptures

and capitals, are there thanks to his efforts. The three monuments show three distinct styles. The statues from the Cloister de la Daurade are heavier and they are unfortunate in having been painted over in a muddy col-

or. This coat of paint has not been

removing whatever may remain of the original polychrome if my The capitals, however, are at many velously delicate as any from St. Etienne or St. Sernin.

Seeing the capitals at eye level is particularly satisfying for anyone accustomed to peering at most works through binoculars. One can study them at leisure and with more comfort, appreciate their misrative simplicity and their extract dinary stylistic virtuosity.

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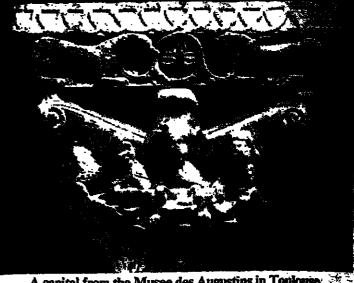
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A capital from the Musee des Augustins in Toulouse.

#### Entertainment in London

#### **Bette Midler Starts Tour** Of 'Sleaze With Ease'

By Henry Pleasants

ONDON, Sept. 22 (IHT) — Bette Midler opened a four-night run at the Palladium last night - and the beginning of a first and extensive European tour giving a packed and adoring house a vivid demonstration of what she means in describing her act as trash with flash" and "sleaze with

It was, indeed, an astonishing demonstration, beginning with the plain fact that she held stage center - well, stage center, right and left - for two solid hours, and, with the sleaziest of material, held the audience, too.

In discussing the accomplish-ments of the "divine miss" (the "divine mess" in her own words), it is vain to speak of material. The material is Miss M herself — as singer, raconteur or, as the critic of the Guardian put it, "stand-up blue comedienne.

One is tempted to suggest that her act is a triumph of personality over artistic ineptitude and bad taste. But that's not getting it quite right. She has talent — although hardly as a singer — and in panto-mime and mimicry she even achieves artistry.

One skit in particular, last night; was comedy — mostly pantending—of a high order. That was when she emerged from the wings as an aging Dolores Delago, "Fig. Foat of Chicago," outrageously costumed as a mermaid in a hideously decorated electrically operated wheelchair. Even as a singer, whether holler-

ing or whispering, she somehow gets away with a hoarse, quavery contralto and erratic — or is it eccentric? - intonation, by scening to be putting herself, her voice the song, her singing and the andience on succeeding phenomenally, in being quite engaging - some of the time.

The overall impression, however was of a frenetic performer shread. ly and joyously exploiting both shortcomings and assets in satisfy-ing an inexhaustible urge to make a public spectacle of herself. She is obviously irrepressible, and eads by being - irresistible.

#### On the Arts Agenda

A weekend mostly of Handel is the Concerts Colonne in Paris with Grange de la Besnardiere, north of Tours, includes a staging of the opera "Giulio Cesare," with a cast headed by Anna Reynolds and a chamber group of Radio France's Nouvelle Orchestre Philharmonique conducted by Charles Farncombe Bengt Peterson will stage the work Marie-Claire Alain will be the soloist in three of Handel's organ concertos, and Anna Reynolds and harpsichordist Rafael Puyana will be the soloists in a concert of works by Haydn, Mozart, Rossini and Schubert, both conducted by Farncombe.

The Frankfurt Opera's first new production of the season will be of Offenbach's "La Vie Parisienne," in a version of the Meilhac-Halevy libretto by Jerome Savary, who will stage it. David Pieter de Villiers will conduct, the sets and costumes will be by Jean-Marie Fievez and Michel Dussarat, and the cast will include Gabriele Fuch, Hildegarde Heichele, Anny Schlemm, Bodo Schwanbeck and Harald Serafin. The premiere is scheduled for Oct. l, with later performances set for Oct. 7, 14, 18 and Nov. 5.

20th year as president and principal conductor of the orchestra of

— une oro tra's 105th. The season opens Oct. 8 at the Theatre du Chatelet with Henryk Szeryng as soloist in violin concertos of Bach, Brahms and Beethoven, and Dervaux's anniversary concert on Oct. 15 will have a program of Beethoven's Fifth Sym-phony and Berlioz' "Symphonie Fantastique." Both concerts are at

\* \* \*

The Salle Favart (Opera Consique) reopens Oct. 6 under the overall direction of the Paris Opera with a new production of "Le Medecin Malgre Lui," Gound's comic opera based on Molier's play. Sylvain Cambreling will coa-duct. Jean-Louis Martin-Barbaz is the stage director and the sets and costumes are by Pierro-Yyes Leprince Jules Bastin, Danielle Perriers, Jean Dupuy and Jocelyne Taillon sing the principal roles in the opening-night cast. A total of 12 performances are scheduled through Nov. 30. There also will be a revival of last season's production of Massenet's "Werther" on Oct. 25, with eight performances sched-uled through Nov. 11.

U.S. Average Pay Rises WASHINGTON, Sept. 22 (UPI)

The average American carnet Pierre Dervaux will mark his th year as president and principle conductor of the orchestra of Census Bureau survey.

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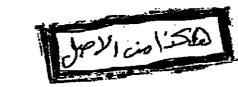
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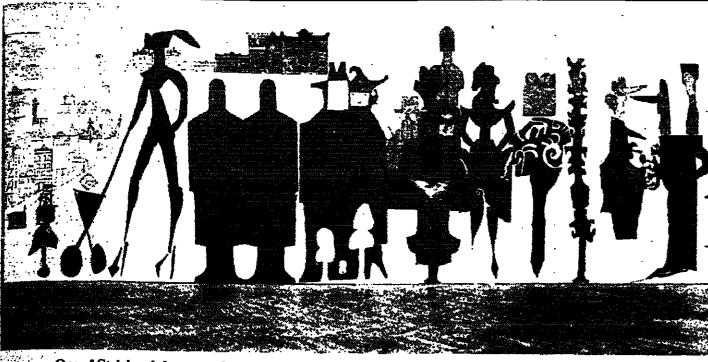
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#### **Around the Galleries in Brussels and Paris**

**Brussels** 

Steinberg Murals. American Library, AG Building, Porte Namur, Brussels, through Octo-

Swaddled in protective wrapping stashed away among the rest of the Fine Arts Museum's reserve stockpile of art, a whole batch of Steinberg murals lie unloved though not unwanted. Designed for the American Pavilion at the World Fair of 1958 held in Brussels, these huge panels were one of the big attractions of that event. Now, 20 years later, some of them have moved into the limelight again and are on show at the American Library. Culture Service officials, dazed with excitement at this munificent free loan, all the more welcome since funds for the art shows which used to be a regular and pop-ular feature of the library program were cut off abruptly more than a year ago, regret only that they couldn't fit in more of the Steinberg panels. Space with ceilings high enough to accommodate them

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Coming after the Whitney Museum Steinberg show in New York, it is topical and fascinating to see these Steinberg personages created specifically to present an artist's view of America to the world. Elongated, spindly Steingberg ligures with the familiar squared-off pro-files strut and stroll and loll against American backgrounds: big city, state small-town Main Street, Middle West farming community, Far West. Shoppers, farmers, posed outside unlikely looking turreted farm houses, dauntingly dour ma-jorettes goose-stepping through California, ghastly little dogs and their owners, these figures form an all-American frieze around the

The California mural alone is made up of 24 panels, but only one mali segment can be shown here. Already the planners are dreaming of a "Steinberg II, Steinberg III" and on until the treasure trove has been aired in full. Assembling the Steinberg murals in their entirety will have to wait for the opening of the new Belgian Modern Art Museum, nearly 20 years in the planning stage, now at last under construc-tion and scheduled for completion before 1982.

Spillinert. Galerie Isy Bracht, 62A Avenue Louise, Brussels, to Oct.

A symbolist with a strong sense of the surreal before surrealism be-came an established movement, Spilliaert's best work seems to have been done mostly between the early 1900s and the early 1920s. His paintings in the Paris show of Flemish Art held in 1970 at the Orangerie were a revelation to a large public, in tune with the subtle swing just starting toward under-stated romanticism. The watercolors, gouaches and pastels in this are disappointingly minor. with little of the gentle magic he could impart to form and color.

Rather banal landscapes in faded colors are relieved here and there by more characteristic paintings of a stand of slender dark trees in a flat winter landscape. A dramatic

portrait of Gorki makes the strongest impact, but a theatrical piece of art nouveau symbolism with an indeterminate Eve figure, light-haloed into a vague crouching ball of golden fluti confronting a plumply curved serpent, does little for his reputation. A small, very lightly sketched early work showing a circle of figures locked in battle as if dancing a ballet has a touch of true theater.

Consins, Sculptures; Locus, Photographs. Galerie Dautzenberg, 76 Rue Dautzenberg, Brussels, to Oct. 7.

American sculptor Harold Cousins has lived and worked in Brussels for 10 years, has large-scale sculptures in Belgian and other European museums and private homes. These pieces are on a manageable scale, and, in keeping with the musical activities of the gallery owner, some have been chosen for their allusion to music: A pop singer caught in a cage of microphones, an Orpheus metal mask, a more abstract Orpheus composition sculpted as a stringed instrument with notes of music and a dancing figure are in the show as well as his characteristic phalanxes of bronze plaques presented in shield-like formation, and airy, open screens of in-terlaced rods and struts of copper and bronze. A genial little acrobat performing on bars was one of the first transition pieces from abstract to more figurative formations.

Daniel Locus' photographs are all of the sculptor, including a lifesized study of Cousins among greenery which has been cunningly placed in the gallery garden to startle and surprise. The pictures are of high quality, with inventive angles and lots of imagination, but the limitation to one subject doesn't allow for enough virtuosity.

The American musician-owner of the gallery celebrates each exhibition opening with an informal concert of classic or contemporary music in the art setting after the ri ual viewing.

Roland Renson, Luc Lateur. Galerie Angle Aigu, 96 Avenue Louise. Brussels, to Sept. 26.

Traditional surreal fantasy, al-ways popular with Belgian artists, seasoned with a good bouquet of exotic vegetation, a sliver of erotic nudism, a pinch of Max Ernst in the feathered cloaks and beaked bird heads draped over human figures, is Roland Renson's recipe for his ink drawings and etchings. Style and execution are polished and academic, but invention is not so evident, though it breaks through in sprightly fashion here and there, as in his giant sponge brooding on the bank of a Venice canal. His pottery pieces are stylishly made and have nicely varied patina and conventi-

In the top-floor studio, Luc Lateur, a biologist by profession, shows attractive abstract pastels owing rather too much to Poliakoff to succeed in their own right.

Tom Bache-Wiig. Galerie Govaerts, 255 Avenue Louise, Brussels, to

Bache-Wiig, a self-taught Norwegian artist who is also a



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Norway, paints lyric abstractions with a sense of glowing color, even intrepidly attempting to capture the Aurora Borealis in paint. His palette is sometimes deeply poetic; one work, entitled "Melancholy," has a core of iridescent midnight blue, flecked with yellow sunspots, surrounded by heavier more opaque blue cloud masses, that

er abstracts.

succeeds in simultaneously disturb-ing and soothing the mind and eye. Fishing boats in another painting in a ruby red on a violet sea, in deeply shadowed color, have a secretive appeal, but brashness sets in with some of the brighter, harsh-

**Paris** 

Germaine Richier. Galerie Beau-bourg, 23 Rue du Renard, Paris 4, to the end of October.

- RONA DOBSON.

Richier (1904-1959) studied first with one of Rodin's former assistants, then with Bourdelle, and in time developed a rough and powerful style, both allegorical and elemental. The present retrospective exhibition assembles characteristic works, both large and small, of which the most striking is probably "L'Orage" (The Storm), a hulking, threatening, featureless figure which illustrates Richier's expressionism and her taste for allegory at their best. It is worth noting that Richier elaborated her tattered treatment of surfaces at about the same time that Giacometti was evolving his own style without vol-

Smaller sculptures are interesting both for their individual qualities and for what they reveal of Richier's inventiveness. Many are made from a single flat piece of clay which she folded and shaped in a rudimentary way until it came to life. Richier, rather than a radi-

practicing doctor in a small town in cal innovator, was a powerful temperament breaking out of a traditional mold. The mold is still recognizably there, her statues are based on models which could be encountered in parks, for instance. But her temperament has wrought a seachange upon this all too familiar base. "She was as uncultured as I am," said Cesar, "or almost . . ." What he seems to imply is that no intellectual theory guided her work, that the innovative force sprang from an intensity of experience rather than from a deep phillosophical perception which is apparent, say, in the work of a Giacometti.

Domenico Gnoli. Galerie Isy Brahot, 35 Rue Guenegaud, Paris 6, to Nov. 10.

Domenico Gnoli, the son of an art historian, died eight years ago of cancer at the age of 37. This exhibition is something of a small retrospective, including works done between 1958, when the artist was 25, and 1969, the year before his death. For what such labels are worth, his work might be described as "metaphysical pop." Aside from the earlier works, which are painted on sand and reveal a pleasant sensibility, all the rest of his production is devoted to careful acrylic representations, much enlarged, of details of clothing. Thus, the opening of a pocket in a herringbone jacket is 100 by 140 centimeters. The difference with the spirit of pop is that Gnoli attempts to give the object an intense, individual presence ("metaphysical") without the ambiguous irony of pop, which revels in banality as much as it derides it. Whether Gnoli was really successful is another matter. The exhibition contains 23 items, including four bronzes, which, characteristically, are a tie, a pair of pressed

trousers, a large high-heeled shoe

on a shoebox, and a bust reduced to a jacket, shirt and tie.

-MICHAEL GIBSON.



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#### The Art Market

### The Unresolved Case of a Stolen English Carving

By Souren Melikian

L ONDON, Sept. 22 (IHI) — As art thefts increase daily, one may wonder whether the art market has not developed into a major threat to the survival of ancient art. The case of an English carving which was stolen in January and is currently at the heart of a littlepublicized legal wrangle shows that current international law is inadequate, public concern at a low ebb and police action hardly up to the mark.

The church of St. Mary the Virgin at Burghfield, in Berkshire, provides the setting for the first act of the drama, while the second act opened at the Antiques Fair in Ghent, Belgium, last April. The church at Burghfield is un-

dramatic in appearance. It looks like hundreds of other 19th-century churches, for despite its ancient foundation, it was virtually rebuilt from the bottom up in 1843, and is best known to a handful of specialists for its chancel, designed by Bodley, a neo-Gothic artist of the

victorian period.
Victorians liked their work to look neat. When confronted with a funerary wooden statue of a reclining knight 6 feet 6 inches long, missing its left arm and right hand and showing a few chinks as a result of six centuries' rubbing shoul-ders with the yokels of a country church, they bundled it off under the belfry steps. In 1931, it was "rediscovered" in the course of repairwork and our century, being a shade less arrogant than the Victorian era, put it up on a pedestal by the high altar.

#### London Workshop

Specialists had known all along that it was a key piece of English carving. It is closely related to a re-clining figure in Westminster Ab-bey datable circa 1310 and belongs to a small group ascribed beyond doubt to a workshop in London. But specialists care for history rather than beauty and its reproduction in a heavy volume called "Wooden Monumental Effigies in England and Wales" by Alfred C. Fryer in 1924 never caused much of a sensation.

It was hardly recognized for what it is: one of the masterpieces of 14th-century European carving. The long tunic loosely draped around the siender body is handled with a grace and freedom seldom matched in continental sculpture of the time. The shadow of a smile playing on its closed lips is suggest-



The stolen knight.

ed chiefly by the subtle modeling of hardly perceptible dimples. Some mystery, thus far unnoticed, is attached to this figure. The sculptor discreetly indicated breasts as if this were the figure of a woman in the attire of a knight, a suggestion carried on by the feminine legs.

The wooden figure might have continued its peaceful if dusty life. perched on its 1931 plinth, had it not been for two petty thieves. The latter must go down in history, anonymously or not, as the true artisans of its rediscovery. And now for the second act of

the drama. As he strolled about the Ghent Antiques Fair, Christopher Foley, who runs Lane Fine Art in London and takes a special interest in English sculpture, had a shock of surprise on spotting a "15th-century Flemish" carving with a remarkably English appearance. The asking price was £10,000. Back in London, Foley found an illustration of the piece in the "Stolen" section of

the Antiques Trade Gazette, a professional monthly.
Foley contacted Scotland Yard,

formed the church. Everything was kept quiet for a while in case the stolen to boot, can be exported police should find a lead. Negotia- without, presumably, either the tions with the Belgian dealer, who bought the carving in good faith from a legitimate source, are lengthy. Finally, Scotland Yard induced its Belgian colleagues to im-pound the piece — in other words, freeze it in police custody without denying the dealer legal ownership.

As the matter stands, it is now up to the parish of Burghfield to find the money to buy back what had been its own for over six centuries. The present squabbling is how much the dealer should be getting on top of his buying price, which appears to have been £4,000, the 250-percent markup being fairly common practice, if never acknowledged as such, in the trade. The obviously gallant gesture for the Belgian government would be to foot what is a trifling bill in national terms and to return its treasure to impoverished country parish, but this solution has not, it seems, been considered.

If the parish fails to produce the money, it will lose its property and so will Britain.

But the truly remarkable aspect of the story lies not just in the scandalous legal situation which allows a state not to feel responsible for the trading of stolen property within its boundaries. It is the public reaction in the country of origin, or rather its absence, and the deliciency of international control systems.

#### Media Unconcerned

In times of universal concern for national heritage, one could have expected an outery. There was hardly a ripple. National media appeared unconcerned. In January a short notice came out in the Guardian. In August, the Times of London gave it just over 130 words in its "Diary" under the sparkling title "Belgian Police Hold Sir Roger," and the Guardian pub-lished two short letters from readers. The lack of a famous name like most of medieval sculpture, this carving is anonymous — is partly the reason for this neglect.

Police interest, also, was not of the most active nature. Could it be that art just does not matter all that much? Most extraordinary is the ease

with which such a large object was

slipped out of the country. In the words of a British expert who asked Foley contacted Scotland Yard, to remain anonymous, "If a piece which told the local police who insize of the Burghfield effigy, and without, presumably, either the export-licensing or the Customs Excise authorities being aware of the fact, it can hardly be claimed that the present control system is working satisfactorily."

Had the theft received greater publicity, greater vigilance might, of course, have been exercised.

Reforms are urgently needed. This week a short news item in the French daily Le Monde mentioned the recovery in Belgium of three stolen carvings, one from a French church, and Italy is currently being stripped of its church treasures.

Just how bad the situation is can be measured by the fact that at about the same time as the Burghfield theft, another carving of the same period and size was stolen at Hildersham in Cambridgeshire. It had never been photographed despite its reputed importance and has not been heard of since.

Two measures could be taken immediately: the photographing of any item of historical interest at the local level, and the working out of some sort of international agreement on recovery procedures that would keep red tape to a strict minimum. A provisional agreement within two months would be preferable to a detailed draft in 10

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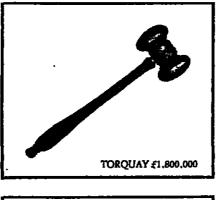
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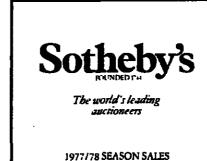
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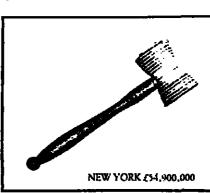






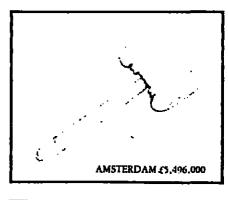
























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Published with The New York Times and The Washington Post

PARIS, SATURDAY-SUNDAY, SEPTEMBER 23-24, 1978

#### **Economic News Analysis**

### Two 'Timebombs' Facing West

By Paul Lewis

paris, Sept. 22 (NYT) - Two imebombs, strategically placed at the heart of the Western economic system, are starting to fizzle omi-nously, just as world finance minis-ters gather in Washington for next seek's annual International Mone-

tary Fund meeting.
Both timebombs, if allowed to detonate, threaten to undermine the existing open economic order that has been the foundation of Western prosperity since the end of World War II, provoking a further retreat into protectionism and straining political relations between Europe and the United States.
The first issue raised its head ear-

her this week, when European gov-ernments bluntly warned President Carter he will find himself presiding over a Western trade war next year if he does not persuade a recalcirant and protectionist-minded Congress to make some rapid changes in U.S. trade law.

The problem is that under exist-

ing U.S. trade law, President Carter will be obliged to start imposing countervailing duties Jan. 4 next year on some \$500-million worth of mostly agricultural U.S. imports from Europe that are deemed to be

At present, this obligation is sus-ended in order to facilitate negotinion of a new set of international rules governing such trade subsi-dies as part of the big trade-freeing deal, which the major Western powers hope to conclude in Geneva on Dec. 15, after five years of bar-

#### The Closing Stretch

But the Europeans are unwilling to enter the closing stretch of these Geneva negotiations under imminent threat of U.S. trade sanctions if they do not accept the kind of subsidy rules the United States demands. So they want Congress to extend the President's authority to waive these countervailing duties.

If it does not, a trade war that could scuttle the whole Geneva exercise now seems likely. Europe would retaliate against the U.S. duties. And in such an acrimonious atmosphere, there would be little chance of Congress ratifying any

#### **Dollar Posts** Wide Gains; Gold Steady

LONDON, Sept. 22 (AP-DJ) The dollar posted modest gains against most major currencies on profit-taking after its sharp decline earlier this week on the foreign exchange market.

The Bundesbank sold an estimated 90 million DM; the Belgian cen-tral bank apparently sold 8 million DM and sources said the Dutch central bank sold about 390 million DM. There was some feeling that the Dutch discount rate could be raised, Amsterdam bankers said. Against the Deutsche mark, the

dollar firmed 10 points to 1.9530. It edged up 80 points against the Swiss franc at 1.5245 following yesterday's record low.

The dollar firmed 45 points against the French franc at 4.3770 and rose 60 points vis-a-vis the yen at 188.35. Sterling slumped on con-cern over the situation at Ford Motor, of Britain, where thousands of workers walked off their jobs today protesting the company's 5-percent pay offer. The pound fell to around \$1.9600 in intraday trading and finished at \$1.9707, down 1.08

The Canadian dollar fell to 85.24 U.S. cents from 85.61.

The price of gold was steady throughout the day at \$214.35 an onace but down from a record \$216.25 late yesterday. The price of fine gold reached an all-time high at Paris in active trading. The kiloingot was quoted at the record level of 29,950 francs, up from 29,840

All the signs are that the Carter administration is taking this threat to the Geneva trade talks seriously.

And special trade representative
Robert Strauss is now pleading
with congressional leaders to extend the president's waiver authority and prevent the Western world sliding back into protectionism and recession. Nevertheless, the view in Europe is that Mr. Strauss will need all his formidable powers of

persuasion to succeed.
The second timebomb is the dollar, which after a brief respite has been on the skids in Europe again this week and whose fortunes are certain to dominate corridor discussions at next week's IMF parley. Like the dispute over countervailing duties, the dollar's weakness is also a direct threat to the Geneva trade talks and the West's commitment to an open international eco-nomic order, which they have come to symbolize. But the threat comes in various ways.

So far, there have only been mut-tered complaints in Geneva about paid twice over for the trading con-cessions it offers — once by getting other countries to reduce barriers against its own exportations and again, because the falling dollar makes its exports even more competitive on their markets.

Meanwhile, the weakening dollar is starting to leave its mark on other aspects of the present international economic system, arousing new hopes and new suspicions, which finance ministers will be discussing in Washington next week.

West Europe, now convinced more stable exchange rates are a prerequisite for any revival in investment and employment, is scur-



Jacques Beigbeder

#### PEOPLE IN **BUSINESS**

Saint-Gobain-Pont-a-Mousson, in a major reorganization, has ap-pointed as chief operating officer Jacques Beigbeder, formerly chief financial advisor and deputy chief. Corporate vice presidencies have been announced for Francis Mer, industrial policy; Gabriel Aufaure, marketing; Jean-Pierre Causse, re-search and development; Jean Jacques Faust, corporate communications; and Paul Dequesne, corporate counsel.

Dow Chemical Europe has ap-pointed Rene Wildi director of sales. Previously general manager in West Germany, he replaces Duco Akkerman who will become commercial director of pharmaceuticals.

Sadamichi Sasaki, vice president of Nissan Motor Co., has been named president of Fuji Heavy industries replacing Elichi Ohara who has been named chairman. Nobuhiro Sakata, Fuji managing director, and Shojiro Nagashima, executive director, have been named vice president and managing director, respectively.

#### The Value Line provides **OBJECTIVE EVALUATIONS** of

**AMERICAN STOCKS** The Value Line Investment Survey continually reports on more than 1700 American stocks. It provides a vast amount of statistical history and forecasts, all of which are reduced by Value Line's computer-based programs to two simple, easy-toapply indices: (1) The rank for Timeliness (Relative Price Performance of the stock in the Next 12 Months) and (2) the rating for Safety (Price Stability of the stock plus financial

strength of the company). An introductory subscription to The Value Line Survey brings you as a BONUS Value Line's 2400-page Investors Reference Service, with the latest full-page reports, rankings, and ratings on over 1700 stocks, together with the 64-page guide. "Investing in Common Stocks." Then, every week for 12 weeks. you will receive new reports on about 130 stocks, which update and replace the corresponding reports in your Reference Service-for just \$45, about half the regular rate. providing you have not had a subscription in the past two years. Send payment along with name and address together with this

#### THE VALUE LINE

5 East 44th Street, New York, N.Y. 10017, U.S.A. Payment in local currencies (Britishi£28, French Ir 230, Swiss fr 120, DM 120) and requests for information should be directed to: Value Line, Att.: A de Saint Phalle, 2 Ave. de Villars, 75007 Paris (Tel. 551.63.55).

trade freeing that might still be salvaged from the Geneva negotiations.

rying to lock its own currencies more firmly together in a new "zone of monetary stability".

But the United States, while outwardly sympathetic, fears such a new European monetary bloc could fracture the present world system, undermine the authority of the IMF and perhaps seriously curtail America's own freedom of economic maneuver, which has brought the dollar to its present pass. dollar to its present pass.

Although the dispute over countervailing duties will resolve itself one way or another within the next few weeks, the dollar timebomb promises to be a difficult one to defuse in a hurry.

A deep U.S. recession next year might do the trick, squeezing infla-tion out of the economy and cutting the trade deficit. But the rest of the world would pay through slower trade growth and increased protectionist pressures. One way or another, therefore, it

looks as if the dollar timebomb will be ticking away under the international economic system for some time to come. It remains to be seen how far the strain of living in the the dollar's weakness, although it shadow of this bomb changes the means the United States is being nature of the system as we know it



MONETARY ZONES SEEN — Belgian Prime Minister Leo Tindemans (center), visiting Japan, has called for the creation of three major "monetary zones" since the present worldwide system of floating exchange rates was obviously inadequate, allowing excessive exchange rate changes. He envisaged a European, a Japanese-yen and U.S.-dollar zone, with minimum exchange-rate fluctuations among them. Here, Mr. Tindemans addresses a Federation of Japan Economic Organization huncheon flanked by Shigeo Nagano (left), Chamber of Commerce president, and T. Mizukami, Export Trade Organization president.

Coping With Lopsided Trade and Payments Balance

### Sluggish Growth Backdrops World Bank-IMF Talks

By Hobart Rowen WASHINGTON, Sept. 22 (WP)

— Against a background of sluggish economic growth — except in some parts of the Third World and lopsided trade and balance-of-payments accounts, the World Bank and International Monetary Fund will stage their 33d annual joint meeting here, beginning Mon-

Major preliminary events actual-ly get under way today and tomorrow with separate sessions of the rich and poor nations' steering committees, the Group of 10 and the Group of 24. The joint IMF-world Bank Development Com-decided during the meeting — a

mittee, which deals with the trans- new quota increase and a new allo- the IMF. This enlargement of the fer of resources to the less devel-oped countries (LDCs), meet tomorrow and will do so again on

And Sunday, the basic tone and much of the content of the four-day meeting will be set by a session of the IMF policy-making group, the so-called Interim Committee, chaired this year by British Chancellor Denis Healey.

The Interim Committee will discuss the world economic outlook, monetary instability - including the problem of the dollar - and

### W. German Group Said To Sign China Trade Plan

West German industry group re-portedly has signed an 8-billion-as the improvement and modern-China that, for the first time, provides that China will receive credits to finance a portion of the orders.

The report said the German Industry Eastern Committee (ODI), an umbrella organization for West German industry groups involved in East-bloc trade, said both sides have yet to sign the agreement. However, the panel said it foresees

no blocks to the signing.
The group said that included under the protocol are the construction of two open-pit mines, both

#### China to Raise Fibers Output

HONG KONG, Sept. 22 (AP-DJ) - China is boosting its production of synthetic fibers for domestic consumption and that of high-quality cotton, wool and silk for exports, according to the Peking

The report said synthetic fibers will amount to about 40 percent of the textile industry's raw materials by 1985. It called for increased exports of all-cotton textiles, wool, pure woolen fabrics, raw silk and pure silk fabrics, which it described as favorites in many countries.

The magazine said China's rich

oil reserves provide favorable con-ditions for producing synthetic fibers.
It said one petrochemical works

in Shanghai is in operation while three others are under construction. Preparations are under way to build a number of petrochemical fiber plants with more sophisticated equipment, it added.

#### Company Reports

Belgium

Per Share.

Revenue, Profits in Millions

Bekaert

Profits	1971 639.00	276.00
(Figures in Belgi		
. •		
U.S		_
General P	ublic Utiliti	
8 meeths	1978	1777
Revenue	883.60	837.00
Profits	90.70	92.20
Per Share	. 1.51	1.65
12 months	1974	1977
Revenue	1.300	1.200
		142.10
Profits	141.30	
Per Share	2.36	2.55
Į.	SEG	
8 months	1978	1977
Revenue	1.469	1.351
Profits	155.11	151.17
Per Share	2.04	2.06
_ 12 months	1973	1977
Revenue	· 2,152	1,978
Yama Pide	212 10	222 00

BONN, Sept. 22 (AP-DJ) - A with a capacity of 20 million tons a

#### U.S. Loans Considered

TOKYO, Sept. 22 (AP-DJ) — China might very well decide soon to accept loans from U.S. commercial banks, Christopher Phillips, president of the National Council for U.S.-China Trade said in Peking yesterday, Japan's Kyodo

news service reported.

Mr. Phillips said China was moving to respond to international credit practices, though it apparently was not prepared yet to accept state-to-state loans, said the Kyodo dispatch.

Meanwhile, a delegation of Common Market officials and top EEC industry and banking representatives left for Peking today to inves-tigate the possibility of increasing trade with China.

The group will discuss trade and industry problems with Vice Premier Li Chang who is also minister for foreign trade and other Chinese government officials responsible for industry and technology, the EEC commission said.

A visit of the Sanghai industry fair and talks with Chinese industry officials there is also included in the group's itinerary.

#### EEC Corrects Growth Report BRUSSELS, Sept. 22 (AP-DJ) -

The European Economic Community Commission said today that the projection of a 2-percent growth in the community's real gross national product for 1978 was erroneously reported in an official publication, explaining that the an-ticipated growth rate should be at least 2.5 percent for this year. The erroneous figure was con-

tained in the comment prefacing the commission's English version of its half-year report on the economic atuation in the community. "We regret to say that was a printing mistake," a commission spokesman said, noting that the correct 2.5 percent figure was correctly printed in reports that came out in other community languages today.

#### Italy Reduces Ceiling On Bond Investment

ROME, Sept. 22 (AP-DJ) -- The-Italian government sharply reduced to 6.6 percent from 30 percent the percentage of deposits that banks must invest in bonds. The new percentage applies to the second half of this year. Eligible bonds include agricultural obligations or those issued by real-estate credit institutes. The requirement, called a portfolio restriction, applies to new deposits and is designed to encourage investments even during tight cred-

cation of SDRs (special drawing rights). These two steps would substantially increase the resources— hence the lending ability—of the IMF. SDRs—each worth about \$1.26 — are a paper credit or asset created by the IMF for distribution

to its 134 member countries.

Details of the Interim Committee discussions will be disclosed by Mr. Healey and the manager-direc-tor of the IMF, former director of the French treasury Jacques de Larosiere, at a Sunday press confer-

#### Planned Speeches

The joint sessions, with carefully planned speeches by leading finance ministers representing scores of big and little countries, will then be in the hands of Tengku Razaleigh Hamzah, 40-year-old finance minister of Malaysia. Major addresses will also be delivered by Mr. de Larosiere and by World Bank president Robert McNamara.

Preparations are being made for the probability that President advisers and official guests.

Despite the slow and uneven growth of the many different economies, the threat of protectionism, high unemployment - especially in Western Europe's industrial countries — and gyrating currency movements, no new macroeconomic strategy is expected to come out of next week's sessions.

The prescription for the United States is to allow its economic growth rate — which had been fast-- to subside, meanwhile making an effort to control inflation and reduce its enormous trade deficit. The scenario for the other countries is to do what they can to boost growth or contain inflation.

The Interim Committee is likely to note the prospective improve-ment in U.S. trade and to nod approvingly at U.S. efforts to support the dollar. There will be a pat on the back, also, for West Germany and Japan, which have installed expansion programs. In a nutshell, the leaders will conclude things are moving in the right direction, but perhaps not at the optimum speed. A key issue relates to the scheme designed by West German Chan-

cellor Helmut Schmidt and French President Valery Giscard d'Estaing for a European Monetary System (EMS). The EMS would attempt to link European currencies together, more tightly than the present "snake," backed by a \$50-billion regional fund, contributed by European to the contributed pean countries. Europeans affirm that there is no intention to compete with the dollar, but both the United States and the IMF have some reservations about operation of the EMS. No decisions about EMS are to come up at the IMF meeting, but there will be plenty of

debate about it.

Some experts — including, leading figures at the German central bank — think that the large credits West Germany would be likely to make to weaker countries, as part of the EMS, would create a new inflationary impetus. But others (notably the British) worry that to bring their currencies in line with the strong D-mark would force them into a deflationary posture. Key U.S. Treasury officials do not think the EMS would be "anti-

dollar." But they want to make sure that the arrangements do not con-travene IMF rules and that if European currencies float together against the dollar, the intervention that may be necessary does not

weaken the dollar. On specific issues or problems, these developments are among those expected to take place during the week:

• Saudi Arabia will get its own seat on an expanded 21-member IMF executive board, a status to which it is entitled by virtue of having passed West Germany as the second largest provider of funds to

old 20-man board has finally been approved by the United States, which had originally objected.

 Despite impassioned pleas by Mr. McNamara and several of the developed and developing nations, the question of an increase in the World Bank's capital — Mr. McNamara wants it doubled — is likely to be put off until next year.

. • IMF quotas are expected to be

increased by about 50 percent, on an "equiproportional" basis over the present level of 38.8 billion SDRs (roughly 548.9 billion). But the final decision could be put over to the spring 1979 meeting of the Interim Committee. Almost all major nations are agreed on a 50-percent boost (which would make the IMF a \$74-billion institution), except West Germany, which wants to hold the increase to 30 percent.

#### **U.S. Contribution Agreed**

ference committee reached agreesion attended by 3,500 delegates, ment on a bill authorizing U.S. the upper end of the Fed's 61/2 percontribution of \$1.7 billion to the Cent to 9 percent tolerable range. IMF's special \$10-billion financing Fed chairman William Mi by high payments for imported oil disappointed with the latest money ment said.

M-1 Revised Upward

### **Fed Tightens Rates** To Bolster Dollar

day raised the fee it charges on loans made to member banks the so-called discount rate — to 8 percent, equalling the highest it has been in history, and also indicated a higher target rate on federal

On a 6-0 vote, the board said the action to raise the discount rate from 734 percent to 8 percent was taken "in recognition of recent in-creases in other short-term interest rates" and to "strengthen the dollar."

The discount rate also hit 8 percent between April and December of 1974, but it has never been higher. The Fed has now raised the discount rate five times this year.

The Fed also entered the gover-ment securities market to drain excess reserves through over-theweekend reverse repurchase agree-ments as federal funds traded at 8

7/16 percent, dealers said.
They said they regard this as signal of further lightening in monehar of turner ignitizing in motion tary policy, apparently moving the Fed's target for the key rate to at least 8's percent compared with the 8½ percent level presumed to be in effect since only Wednesday.

The rate on Fed funds, overnight reserves banks lend one another, are used as a base upon which all other interest rates are calculated. After the move, bond and treas-

ury bill prices fell sharply but the dollar showed virtually no reaction. dealers said. They added that trading was very quiet and thin as most operators have closed positions for the weekend, and said the reaction,

if any, will likely come on Monday. Late yesterday in New York, the Fed revised upward the growth in the nation's money supply due to technical adjustments involving funds transfers by agencies and branches of foreign banks in New York City and quarterly benchmark adjustments to reflect data for banks that are not members of

port weekly data. In its money supply revisions, the Fed said M-1 grew at an 8.1 percent annual rate in the first eight months of this year, up from an originally estimated 7.6-percent clip. The growth rate for M-2, a broader measure, was revised downward to 8.2 percent from 8.4

the system and therefore do not re-

The 8.1-percent growth for M-1 is far faster than the 6.5-percent WASHINGTON, Sept. 22 rate the Fed has stated was the (Reuters) - A House-Senate con- maximum it could tolderate, M-2's

Fed chairman William Miller

WASHINGTON Sept. 22 (IHT)

The Federal Reserve Board tolay raised the fee it charges on

controlling money growth as it had

Page 9

However, during a presentation to a lawyers' group, Mr. Miller re-iterated his previously expressed hope that interest rates would peak by the end of the year, noting that we have not yet reached the end of the year.

#### **Prices Rise** On Wall St.

NEW YORK, Sept. 22 (Reuters)

— Issues on the New York Stock Exchange settled for a token gain today in the slowest trading in two months after more credit-tightening moves were digested by an oversold

The Dow Jones industrial average rose 1.30 points to 862.44 and advances led declines 776 to 656. Volume fell to 27.90 million shares from yesterday's 33.64 million.

Kennecott Copper slipped % to 27½. Standard Oil of Indiana, which said it is evaluating some form of association with Kennecott, lost 11s to 51's. Ramada Inns, the volume leader. gained a point to 13's. Caesars World tacked on 14 to 46'z and Del

E. Webb, which agreed to buy a casino in Nevada, gained 114 to 27%. Braniff forecast higher earnings and ordered 11 new planes from Boeing. It edged up is to 16%. Boeing eased one to 64%.

IBM dropped 31; to 2801;, Smithkline 114 to 89 and Teledyne "a to 98 h.

Prices on the American Stock Exchange also rose, with the market value index gaining 0.80 points to 167.28.

In Chicago, wheat was substantially higher and corn, oats and soybeans lower at the close today on the Board of Trade.

#### U.S. Durable Orders Rise 7.6% in August

WASHINGTON, Sept. 22 (UPI)

— New orders for durable goods rebounded strongly in August, rising by 7.6 percent for the largest monthly increase in nearly eight years, the Commerce Department reported today.

A large portion of the gain was attributed to a 60 percent rise in the aircraft and parts industry. The August increase compared

with a revised 5.3-percent drop in July, the biggest in 3½ years, and a facility for loans to countries hurt had said earlier in the day he was 1.7-percent dip in June, the depart-

#### Poehl Sees Growth Near Bonn Target

FRANKFURT. Sept. 22 first half and the government is (Reuters) — West Germany will now expecting average 1978 real growth of over three percent this Mr. Poehl said the rate of growth year, close to the government's original target of 3.5 percent, Bundesbank vice-president Karl-Otto

Poehl said today.

A strengthening of domestic demand, initially limited to the building sector and private consumption, has since spread to em-brace almost all sectors including capital goods demand, he said in an Foreign demand for West German goods has developed less fa-

vorably under the influence of the mark's appreciation but has none-theless gained since the spring, Mr. His forecast is more optimistic than the government's own recently expectations, for Eco

nomics Ministry state secretary

Otto Schlect said last month indus-trial production stagnated in the

#### Eastern Gets European Loan For Airbuses

FRANKFURT, Sept. 22 (AP-DJ)

— Dresdner Bank said today that a German-French bank consortium had granted Eastern Air Lines a 10year, \$250-million credit to finance the purchase of a large part of the 23 Airbus 300s that Eastern has ordered.

The credit was granted by Dresdner and the Kreditanstalt fur Wiederaufbau together with a French consortium under the lead-ership of Credit Lyonnais. A spokesman for Dresdner Bank declined to elaborate on the terms

of the \$250-million credit. The deliveries of the planes to Eastern will be from 1979 to 1983, the bank

#### WANTED: \$1,250,000 U.S. LAND MORTGAGE

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Mr. Poehl said the rate of growth

is quickening. Real GNP in the first half showed a 3-percent gain over the same 1977 period and the comparable figure for the second half could be 3.5 percent, he added. The government's latest package of stimulatory measures will undoubtedly make a positive contribution to growth, but the extent and timing of its impact is hard to

predict, he said. The economic upturn has been reflected in the central bank money stock, the benchmark for monitoring money supply, which is currentgrowing at an annual rate of about 12 percent, overshooting the original 8-percent target set for

1978 money stock growth, he add-He also noted that "The gentlemen's agreement" under which West German banks will provide the federal banking supervisory office with more comprehensive infor-mation about their foreign subsidiaries will come into effect on Sept.

He said the banks have agreed voluntarily and under a guarantee target for average money supply of banking secrecy to supply addigrowth of 8 percent for the year. voluntarily and under a guarantee

these subsidiaries, in Luxembourg and elsewhere, in the form of audit-

ed annual reports. Banking sources said Bonn has been particularly concerned about the growth of the Luxembourg subsidiaries, as they lie outside the control of German banking regulations, yet account for some 14 percent of the balance-sheet total of German parent banks.

He said he is more optimistic about international growth pros-pects than he was at the last IMF annual gathering, for although U.S. growth will be weaker, growth in European countries is developing positively.

#### M-3 Rises

FRANKFURT, Sept. 22 (AP-DI) — The West German widely defined money supply, M-3, continued to climb in August, rising by a seasonally adjusted 8.2 billion Deutsche marks after a jump of 9.3 billion DM in July and compared billion DM in July and compared with August 1977's 3-billion-DM increase, the Bundesbank said.

In the six months ended August.

M-3 increased at an annual rate of

10.7 percent. The Bundesbank's

Res.

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NEW YORK. September 22 — Cash prices in primary markets as registered today in New York were:	U.S. Comp	nodity Prices	U.S TREASURY BILLS SI million; pts. of 100 pct. Dec 71.83 71.83 71.86 71.67 — Mor 91.75 71.76 71.59 71.60 —	NYSE Nationwi	ide Trading Closin	g Prices Sept. 22
Commedity and unit Fri Year Aso FOODs Coase Accru, ib	30,000 fbs.; cents per lb. Dec 170,25 172,55 169,75 172,55 +1.2 Mar 169,20 171,05 168,25 170,80 +0.5 May 167,50 168,75 166,10 168,65 +0.5 Jul 165,25 166,50 164,25 166,50 +0.5	55 Est. sales; 9,000; sales Thur. 7.2	50 Sep 91.71 91.72 91.54 91.54 — Sep 91.54 91.64 91.77 91.85 — Dec 91.59 91.75 91.82 91.84 — Mar 91.54 91.54 91.84 91.86 —	Ch'se  12 Manttr Stock Sts. Clase Prev High Low Div. In 5 Yis. P/E 199s. High Low Quot. Clase	,   Cha	12 Month Stock Sts. Close P. High Low Div. In S Yid, P/E 180s. High Low Quot. Co.
TEXTILES  Printciath 44-30 28/2, yd	Sep 162.00 162.00 162.90 164.25 +0.6 Dec 159.20 169.20 169.20 160.20 Est. soles: 588; soles Thur. 72 Total open interest Thur. 7,144, up 127 from Wed.  ORANGE JUICE 15.000 169.25 109.50 111.60 +2.3 Jon 100.70 101.25 109.50 111.60 +2.3 Jon 100.70 101.25 109.50 111.60 +2.3 Jon 98.25 97.85 98.25 +1.5 Juli 97.50 97.50 97.50 97.50 +2.3 Mary 98.00 98.25 97.85 98.25 +1.5 Juli 97.50 97.50 97.50 97.50 +2.3 Sep 97.00 97.75 96.75 97.70 +2.7 Est. soles: 1,000; soles Tue. 931 Total open interest Tue, 13,743, up 22 from Man.	55 from Wed.  56 JULD 100 tray ounce contracts  58 JULD 100 tray ounce contracts  58 JULD 100 tray ounce contracts  58 JULD 100 100 tray ounce contracts  58 JULD 100 100 tray ounce contracts  58 JULD 100 100 100 100 100 100 100 100 100 10	Sep 91.39 91.39 91.20 91.20 —  Est. sales: 3.710; sales Thurs. 4.51  Total open interest Thurs. 31,746, off & from Wed.  GNMA CERTIFICATES (B pct. 5188,886 prin.; pts. 6. 12nds of pct.)  Total open interest Thurs. 31,746, off & from Wed.  GNMA CERTIFICATES (B pct. 5188,886 prin.; pts. 6. 12nds of pct.)  Total open interest Thurs. 31,746, off & from Wed.  GPA	(Continued from Page 8)  (Continued from Page	17% 14% StridRit 1	99 90's VoEP prital 92 2200 95 90 93 90 109 96 VoEP prital 92 2200 95 90 90 109 96 VoEP prital 92 240 95 90 90 90 109 5 90 109 96 VoEP prital 92 96 109 109 5 90 209 109 109 109 109 109 109 109 109 109 1
NEW YORK FUTURES September 22, 1978  Open High Low Close Chg.  MAINE POTATOES \$1,200 lbs.; cents per lb.  Nov \$14 5.14 5.10 5.1303  Mor \$96 5.98 5.88 5.8606  Apr \$4.26 4.26 6.26 4.2406  Moy 7.35 7.38 7.33 7.2411  Est. soles: 2,241; soles Thur. 1.496.  Total open interest Thur. 12,259, off 141 from Wed.  COFFEE *C*  37,500 lbs.; cents per lb.  Sep 152,00 146,00 150,00 150,50 -1.03  Dec 145,00 148,75 144,30 148,73 +3.28	COTTON, No. 2  \$0,000 lbs.; cents per lb. Oct 61.60 61.65 61.27 61.52 -0.22  Dec 64.05 64.15 63.70 43.97 -0.10  Mor 64.25 64.25 64.97 64.17 -0.18  Mory 67.15 67.20 64.90 67.20 -0.10  Jul 67.40 67.50 67.25 67.45 -0.05  Oct 45.00 65.20 45.00 65.00 -0.20  Dec 45.00 65.20 45.00 65.00 -0.20  Mor 65.85 65.85 65.85 65.90  Est. soles: 5.250; soles Thur. 4.623.  Total open interest Thur. 34.050, off 114 from Wed.  COPPER 23.800 lbs.; cents per ib. Sep 44.50 64.95 -0.15  Oct 64.00 64.60 64.40 45.00 -0.10	CHICAGO FUTURES September 22, 1978  Open High Low Gode Chy WHEAT Low Godens per bu. Dec 1,33½ 3,42 3,32½ 3,39 +,65 Mar 1,30½ 1,38 1,25½ 3,32 +,9,4 Jul 1,8 3,22 3,15½ 3,32 +,9,4 Jul 1,8 3,22 3,15½ 3,22 +,9,4 Jul 1,8 3,22 3,15½ 3,28 3,28 Sales Thurs, 11,32 Total open Interest Thurs, 50,329, up 70 from Wed.	Mor 90-99 90-99 89-27 89-27 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	25 23½ Robisn 1,70 52 9 8 32½ 32½ 32½ 4 ½ 8 129 9¼ Robisn 3,22 3.0 9 328 11½ 16¼ 16¾ 16¾ 16¾ 16¾ 16¾ 16¾ 16¾ 16¾ 16¾ 16¾	2014   34% Sybrin pt2.40	3715 2712 Worth prize 4.7 5 34% 34% 34% 34% 34% 34% 34% 34% 34% 34%
AAAr 134.00 137.74 133.50 137.67 +3.72 AAAr 128.00 130.50 128.00 130.40 +2.73 Jul 124.25 125.75 124.25 126.50 +2.20 Sep 123.00 123.00 123.00 123.00 +1.00  Est. soles: 580; soles Thur. 503.  Total open interest Thur. 3,965, off 41 from Wed.  SUGAR NO. 11 172,840 lbs.; costs per io. Oct 8.10 8.25 8.06 8.24 +8.09 Jul 9.85 8.70 8.57 8.70 +0.05 AAAr 8.73 8.8 8.67 8.84 +0.08 AAAR 8.90 9.04 8.87 9.02 +0.08 AAAR 9.00 9.04 8.87 9.02 +0.08 AAAR 9.00 9.04 8.87 9.02 +0.08 AAAAR 9.22 9.08 9.22 +0.08	Dec 65.00 66.30 65.60 66.25 Jam 66.20 66.30 66.25 Mar 67.15 67.75 67.10 67.75 Mary 68.20 68.65 68.20 68.65 Jul 69.15 69.20 68.70 69.50 Sep 69.80 70.30 69.80 70.30 Dec 70.80 71.20 70.80 71.40 Mar 72.20 72.25 72.20 72.45 Mary 72.80 72.25 72.20 72.45 Total open interest Thur. 56,377, up 460 N.Y.SILVER. SAME troy oz; cests per az	Dec 2.19½ 2.21¾ 2.18¾ 2.19¼ —.91 Mar 2.28¼ 2.31¼ 2.28 —.93 May 2.15 2.37 2.34 2.35 —.93 Jul 2.38¼ 2.40 2.37¼ 2.38¼ —.93 Sep 2.39½ 2.41½ 2.39 2.39½ —.91 Dec Soles Thurs.: 19,870 Total open Interest Thurs. 119,418, up 2.48	TEN  Dec 5388 5435 5364 5514 +0015  Mar 5474 5520 5444 5516 b +0020  June 5546 5402 5546 5390 a +0021  Sept N.T. N.T. N.T. S500 Unch.  Initial 0.00 emilted  STERLing  Dec 1,9500 1,9345 1,9300 1,9495 — 0,0045  June 1,9340 1,9495 b 1,9300 1,9495 — 0,0045  June 1,9340 1,9300 a 1,9300 1,9330 — 0,0046	10°4 346 SCA 25° 15°18 1130 10°4 94 976 12	14½ 7½ Telermt   20 222 12½ 12¾ 12¾ 12¾ 12¾ 12¾ 12¾ 12¾ 12¾ 12¾ 12¾	14% 6M WINAIT. 40 34 543 12% 13% 13% 13% 13% 14% 30% 30% 14% 30% 30% 14% 30% 14% 30% 30% 14% 30% 14% 30% 30% 14% 30% 30% 14% 30% 30% 14% 30% 30% 14% 30% 30% 14% 30% 30% 14% 30% 14% 30% 30% 14% 30% 30% 14% 30% 30% 14% 30% 30% 14% 30% 30% 14% 30% 30% 14% 30% 30% 14% 30% 30% 14% 30% 30% 14% 30% 30% 14% 30% 14% 30% 30% 14% 30% 1
Cct 9.40 9.58 9.39 9.56 +0.11  Est. soles: 5.050; soles Thur. 5.317.  Total open interest Thur. 33,090, off 821 from Wed.  European Markets  (Yesterdays closing prices in local currencies)	Sep	Jon 654 662 6.49 6.55 — 35 Mar 664 6.71½ 6.53 6.6314 — 051½ May 6.69½ 6.75 6.62 6.6514 — 051½ Jul 6.71 6.75 6.62½ 6.67½ — 051½ Aug 6.63 6.69 6.57 6.62 — 35 Sales Thurs.: 45,640,	CANADIAN DOLLAR  Dec 18512 18532 18596 18503 18516 — 0.0022  Musr 0.8512 0.8526 18503 18506 0.8516 — 0.0021  June 0.8510 0.8515 0.8506 0.8508 — 0.0019  DEUTSCHE MARK  Dec 15187 0.5217 0.5186 0.5216 +0.0022  Mor 0.5267 0.5294 0.5262 0.5292 0 +0.0015  June 0.5345 0.5370 0.5335 0.5368 +0.0016  Sept 8.5455 0.5450 0.5600 0.5450 +0.0025	16% 14% SDIeGE 1.44 9.1 7 174 16 15% 15%— 16 15% 15%— 18 15% 15% 15% 15% 15% 15% 15% 15% 15% 15%	44 3614 Texasif of 3 7.1 4 42h 42 42 4274 34 118h 234 Textin 1.40 5.3 7 82 30% 338h 339h 18h 28h 28h 28h 28h 28h 28h 28h 28h 28h 2	59 39 WhelPit of6 12, 250 59 494 59 + 41 1254 220 u42 419 42 + 1254 20 Whitelpit 1.20 5.2 7 499 234 29 22 2476 194 Whitel 1.20 5.4 5 157 2145 276 274 41 1274 1276 1745 1754 645 Whitelpit ofA3 7.1 8 4275 4215 276 275 1754 1754 645 Whitelpit 1874 646 Whitelpit 1874 646 Whitelpit 20 1875 1876 1876 1876 1876 1876 1876 1876 1876
ACZO   32.00   Howker-Sidd   2.54	NYSE Most Actives  September 22, 1978  Soles Close Cbg.  Romodo In 778,000 1374 + 14  Kennscott 382,300 271/2 - 74  Pon Am 335,500 51/2  CoesrWrid 220,800 4474 - 14  BolivArig 230,600 5076 - 1  Ashland Oil 301,500 4474 + 16  Am1T 246,700 6074 - 12  Worn Lomb 257,300 271/4 - 17  Boeling 231,400 6414 - 174  Holiday Inn 229,700 2576 - 174  Polaroid 203,500 5074 + 16  Webb DelE 200,500 2744 + 11  Frontiff Int 197,300 161/4 + 36	May 175.80 178.90 174.50 174.70 + 30 Jul 174.50 177.10 174.50 174.70 + 30 Aug 177.20 178.50 177.20 178.10 + 30 Sales Thurs, 14,269.  Total open interest Thurs, 54,964, off 777 from Wed.  SOYBEAN OIL 64,960 lbs.; cents per lb. Oct 26,01 26.05 25.26 25.50 — 76 Dec 25,97 25.25 24.50 24.71 — 44 Jun 24,15 24,90 24,90 24,15 — 40 May 24,15 24,30 21,70 21,90 — 43 Jul 21,10 21,00 22,30 21,75 — 20 Aug 21,60 23,90 23,35 23,55 — 12	Today   Previous   Today   Previous   September 22, 1978   Today   Previous   Seld Asteed   Bild Asteed   Bild Asteed   Bild Asteed   Copper wire bars:   Speci   727.00   727.50   729.00   730.00   3 months   745.50   746.00   746.50   746.00   746.50   746.00   746.50   746.00	38% 16¼ SCOA 1 3.1 8 135 31% 30½ 31%+1½ 7% 47% ScotLod 34° 72 110 5% 47% 5 + ½ 36% 23 ScotFer 1.60 5.1 8 33 31% 31½ 31½—¾ 46½ 25% ScotFer 1.60 5.1 8 33 31% 31½ 31½—¾ 46½ 25% ScotFer 1.28 3.0 10 31 45% 43 43 — ½ 19½ 12½ ScotFer 1.28 3.0 10 31 45% 43 43 — ½ 19½ 12½ ScotFer 1.28 3.0 10 31 45% 43 43 — ½ 19½ 11½ ScotFer 3.6 1.5 11 110 22 21% 21% 21% + ½ 24½ 11½ ScotFer 3.6 1.5 11 110 22 21% 21% 21% + ½ 87% 57% Scuder 16 23 8½ 8½ 8 ½ 8 ½ 21% + ½ 15½ 313 SeoCA pfl.46 11. 17 13% 13% 13% — ½ 15½ 31 SeoCA pfl.46 11. 17 13% 13% 13% — ½ 35% 28½ SeoCA pfl.46 11. 17 13% 13% 13% — ½ 35% 28½ SeoCA pfl.46 11. 17 13% 13% 13% — ½ 35% 38½ SeoCA pfl.46 11. 17 13% 13% 13% 13% — ½ 31½ 24½ SeoFer 42 1.5 7 188 28½ 27% 28 31½ 24½ SeoFer 32 3.7 10 51 25% 25% — ½ 28 19½ SeoFer 92 3.7 10 51 25% 25% — ½ 28 19½ SeoFer 92 3.7 10 51 25% 25% — ½ 28 19½ SeoFer 92 3.7 10 51 25% 25% — ½ 28 19½ SeoFer 92 3.7 10 51 25% 25% — ½ 28 19½ SeoFer 92 3.7 10 51 25% 25% — ½ 31½ 22 SeoFer 1.120 4.9 91606 27% 27% 27% 27% 14½ 7½ SeoFer 1.120 4.9 91606 27% 27% 27% 27% 14½ 7½ SeoFer 1.16 142 12% 13% 13% 13% — ½ 14½ 7½ SeoFer 1.16 142 12% 13% 13% 13% — ½ 14½ 7½ SeoFer 1.16 142 12% 13% 13% 13% — ½	1876 7% TishRt 12.75c 9 5 TebinP 9 5 TebinP 12 8% 5% 8% 8% 1 34% 1134 TodSh 22 80 27% 23% 24% 23% 16 8% 12 8% 27% 23% 24% 23% 24% 23% 16 8% 12 8% 27% 23% 25% 24% 23% 25% 25% 25% 25% 25% 25% 25% 25% 25% 25	23 19% Wiscors 1.92 6.7 6 9 22 21% 22% 22% 23 18% Wiscors 1.92 6.7 6 9 22 21% 21% 21% 21% 21% 17% Wiscors 1.62 8.2 8 25 19% 19% 19% 24% 22% 21% 17% Wiscors 1.62 8.2 8 25 19% 19% 19% 19% 24% 22% 21% 12% 21% 21% 21% 21% 17% 10% 10% 10% 10% 10% 10% 10% 10% 10% 10
Sectrobe   A-510   Bell-nno-BM   2-20   Bostop   667.00   Bostop   67.00	Today   Prev.	Total open interest Thurs. \$2,785, up 423 from Wed.  OATS 5,400 bu.; deliars per bu. Dec 1.43 1.44 1.41½ 1.42½00½ Mar 1.51 1.50½ 1.49 1.51½00½ May 1.51½ 1.52½ 1.50½ 1.51½00½ Jul 1.51 1.52 1.50¼ 1.52  Sales Thurs. 1,026.  Total open interest Thurs. 9,751, off 6 from Wed.  LIVE SEEF CATTLE 40,000 lbs.; cests per lb.	London Commodities  (Figures in sterling per metric fon)  September 22, 1978  High Low Close Previous (Bid-Astead) (Close)  SUGAR Oct 106.80 104.00 105.00 105.10 103.40 103.45  Dec 107.55 103.00 104.00 105.00 106.10 104.90 104.95  Mor 112.75 110.10 111.50 111.05 110.00 110.05  Mory 115.00 113.00 114.00 114.10 112.40 112.40  Aug 118.50 113.00 114.00 114.10 112.40 112.00  Cct 122.00 119.05 123.05 123.06 183.00 118.05  Cct 122.00 119.05 123.05 123.06 183.00 118.00  Dec 122.05 123.05 123.05 123.06 183.00 119.00  Dec 124.06 15.06 100.8.  COCOA  Sap 1.865 1.852 1.955 1.865 1.975 1.977	48% 28% Sedon 52 1.210 63 43 42% 42% 44% 16% 16% 13% SelpLt 1.20h 8.5 6 8 14% 14% 14% 14% 16% 11% 5% 8% Shokspr 48 3.4 9 12 14 13% 14 + 3% 15% 16 Shoksper 48 3.4 9 12 14 13% 14 + 3% 15% 16 Shoksper 48 3.4 9 12 14 13% 14 + 3% 17% 5 Sheart 1.5 5 3 209 28% 27% 27% 37% 34% 17% 5 Sheart 30 2.1 6 324 14% 12% 14% 14% 13% 14% 14 3% 14% 14% 13% 14% 14% 12% 14% 12% 14% 12% 14% 15% 14% 15% 14% 15% 14% 15% 14% 15% 14% 15% 14% 15% 14% 15% 14% 15% 14% 15% 14% 15% 14% 15% 14% 15% 15% 14% 14% 15% 15% 14% 14% 15% 15% 14% 15% 15% 15% 15% 15% 15% 15% 15% 15% 15	1044 994 TrG of 10.12 18. 290 101 101 1011 274 244 TrG of 10.12 18. 291 101 26 254 26 184 114 Transch A05 25 4 166 1642 16 1644 46 2976 2145 Transvy 1.60 7.0 5 73 23 224 23 4046 2346 Transvy 1.88 45 5 492 3742 3676 37 + 46 4476 32 Transvl 1.88 45 5 492 3742 3676 37 + 46 4476 32 Transvl 1.88 45 5 492 3742 3676 37 + 46 4476 32 Transvl 1.88 12 48 6 4142 4144 4144 44 12 12 1845 114 1946 1976 1976 11 3 3 3 3 3 1 14 TriSpM 11 3 3 3 3 3 3 1 14 TriSpM 11 3 3 3 3 3 3 1 14 TriSpM 11 3 10 10 10 10 10 10 10 10 10 10 10 10 10	1779 616 ZayraCp 6 57 1476 1479 1479 1479 1779 616 ZayraCp 6 57 1476 1476 1479 1479 1779 1776 1176 1279 1776 1776 1776 1776 1776 1776 1776 17
emag 165.00 P2TS europa 245.00 P3TS europa 245.00 P	Stututura & Poors   M.C.	Jon \$4.52 \$6.65 \$5.70 \$6.2575 Feb \$7.45 \$7.45 \$5.45 \$6.45 \$5.4298 Apr \$1.20 \$9.40 \$7.45 \$7.4298 Jun \$6.67 \$9.00 \$8.10 \$8.3575 Oct \$7.90 \$8.00 \$7.75 \$7.9075 Oct \$7.90 \$8.00 \$7.75 \$7.9075 Dec \$9.25 \$9.50 \$7.75 \$7.5545 Dec \$9.25 \$9.50 \$7.75 \$7.5545 Total open interest Thurs. \$2.478.  Total open interest Thurs. \$2.478, up 27 from Wed.  FEEDER CATTLE \$2.600 lbs.; cents per lb. Oct \$7.70 \$7.80 \$6.45 \$6.9213 Nov \$9.75 \$9.75 \$6.67 \$6.9298 Jon \$7.75 \$7.75 \$7.80 \$6.17 \$9.9010 Mor \$7.25 \$7.25 \$7.65 \$7.90105	Dec   2,905   1,980   1,981   1,981   5   1,990   1,991   Mar   2,015   1,990   1,991   1,991   1,996   2,000   Mary   2,015   1,991   1,993   1,991   1,993   2,003   2,003.5   Jul   1,990   1,973   1,973   1,975   1,976   1,980   1,945   1,945   1,945   1,945   1,945   1,945   1,945   1,945   1,945   1,940   1,902   1,902   1,902   1,902   1,902   1,902   1,902   1,902   1,902   1,903	30% 20% Skopes 70 24 11 35 29 28% 29 + 44 18% 11% Skift Cp .40e 24 7 17 16% 14% 16% 14 16% 14% 16% 14% 16% 14% 16% 14% 16% 14% 16% 14% 16% 14% 16% 14% 16% 14% 16% 14% 16% 14% 16% 14% 16% 14% 16% 14% 16% 14% 16% 14% 16% 14% 16% 14% 16% 14% 16% 16% 16% 16% 16% 16% 16% 16% 16% 16	2346 1514 UMC 1.20 6.0 8 .117 1936 1934 1935 1 4 4 11/2 UMET TT 4 9 85 25% 25% 25% 25% 25% 25% 25% 25% 25% 25	monits. I—Declared or pold after stock dividend or solit-us, i—Peld this year, dividend amilited, deferred ar so action taken is last divident metines, ic—Delared or pold this year, and comulative issue with dividends in arrears, n—New issue, n—Declared or pold in preceding 12 monits agus stock dividend, h—Pold in stock in preceding 12 monits, estimated aush value or ex-dividend or ex-distribution date.  x—Ex-dividend or ex-rights, y—Ex-dividend and sales in full, z—Sales in full.  cld—Colled, wd—When distributed, wi—When issued, ww—With warrents, xw—Without warrents, xdis—Ex-distribution.  vi—In bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies
177,80   1	Odd-Lot Trading in N.Y.  Shares  Bay Sales Short eptember 21 130,544 308,549 2,510 eptember 25 131,522 335,558 1,472 eptember 19 137,540 345,445 2,005 eptember 18 195,261 300,645 2,880 eptember 15 192,563 306,641 3,259 "These totals are included in the sales fig- res.  American Most Actives	Apr 72.50 72.50 71.60 72.00 — 92 May 72.55 72.55 71.60 71.90 — 92 Aug 72.50 72.50 71.65 72.30 — 72 Sep 72.40 72.70 72.00 72.40 —1.10  Est. sales: 2,709; soles Thurs. 2,645,  Total open interest Thurs. 19,463, up 135 from Wed.  LIVE HOGS 20,000 fbs;; cents per lb. Dec 90,75 51.70 90,70 51.37 — 35 Peb 43.0 50.40 49.05 90.70 + 33 Apr 45.90 47.90 45.95 46.92 +1.02 Jun 47.90 48.80 47.25 48.90 +1.50 Jul 48.30 47.20 47.90 49.20 +1.50	Paris Commodities  (Fisures in French francs per metric ton) September 22, 1978  High Low Close Ch.  (Bid-Asted)  SUGAR  Nov N.T. N.T. 990  Dec 953 940 945 950 + 16  May N.T. N.T. 1,002 + 19  May N.T. N.T. 1,003 1,003 + 12  Jul N.T. N.T. 1,003 1,005 + 20  Aug N.T. N.T. 1,003 1,005 + 15  Oct N.T. N.T. 1,000 1,005 + 15  Nov N.T. N.T. 1,000 1,009 - 135 lota.  COCOA	20% 17% Solring E 1.40 7.4 6 18 19 18% 19 + 16 18% 19 27% Solring E 1.20 8.4 7 32 35½ 35 35½ 4 19 37½ 36½ SNETel 1.20 8.4 7 32 37% 37% 37½ 3½ 50% 43½ SNETel 1.20 8.4 7 32 37% 37½ 3½ 35½ 35½ 35% 35½ 35½ 35% 35½ 35½ 35½ 35½ 35½ 35½ 35½ 35½ 35½ 35½	89 77½ Unityrol pf8 10. 2330 7734 77½ 77½ 14 1515 654 Unityrol pf8 12.12 130 1314 1254 1254 15 1514 14 15 1514 1514	Current week, but not the latest tracking day.  Where a sailt or stock dividend amounting to 25 per cent or more has been poid the year's high-law range and dividend one shown for the new stock only.  ASK FOR IT EVERY DAY.
See	undence Oil 119,800 2014 + 216 to tetek inc 100,600 1514 + 14 dertz Alf 91,900 1154 + 14 sereth Corp 72,500 3316 + 34 search Cri 61,600 2166 - 78 ingenBish 60,300 1576 + 14 sporo final total tocks soles year ogo merican Stock Index: 19h Low Close Chy. 7,60 166,48 167,28 Chy. 166,48 167,28 Chy. 100,000 The Counter Cou	Aug 45.50 46.90 44.86 46.00 + 23 Oct 43.25 43.95 43.40 42.60 + 35 Oct 44.50 44.50 44.50 43.40 - 17 Est. sales: 7.161; sales Thurs. 816.  Total open Interest Thurs. 19,292, up 37 from Wed.  PORK BELLIES 36.80 18.27 cents per ib. Feb 65.42 67.30 64.40 67.25 +1.23 Mar 63.50 64.82 62.50 64.80 +1.95 Jul 63.30 64.60 62.30 64.60 +1.95 Aug 61.50 62.40 60.20 62.30 +1.85 Est. sales: 6,536; sales Thurs. 272.  Total open Interest Thurs. 7,999; off 47 from	Sep 1,690 1,690 1,690 1,693 — 85 Dec 1,705 1,890 1,493 1,495 — 8 Mor 1,715 1,715 1,492 1,705 — 13 Mory N.T. N.T. — 1,720 Unch. Juli N.T. N.T. N.Q. N.Q. — 65 lots  European Gold Markets  September 22, 1978  A.M. P.M. N.C. London 214,35 214,35 — 1,30 Zurich 214,605 214,125 — 2,00 Paris (12,5 kilo) 211,61 211,22 — 0,38 Official marning and afferonon fixings for	20½ 12 SprinssM 1.05 5.4 13 142 1996 1834 1996 + % 27 22% SquarD 1.40 5.9 9 506 25% 23% 23% - ½ 3746 21% SquarD 1.40 5.9 9 506 25% 23% 23% + % 23% 164 Stoley 1 5.0 14 14 20 1976 1976 19 25% 22½ StBrind 1.26 4.8 11 373 28½ 27% 28% - % 35 26 578 Prit .56 1.8 14 147 30% 30% 30% 20½ 10½ StdMoth 5.54 2.8 10 41 19% 18% 19½ + ½ 45% 34½ StOlici 2.60 5.7 8 845 46% 45½ 45% 45% StOlici 2.80 5.7 8 845 46% 45½ 45% 45% STOLICI 2.80 5.7 8 845 46% 45½ 45% 45% STOLICI 2.80 5.7 8 845 46% 45½ 45% 45% STOLICI 2.80 5.7 8 845 46% 45½ 45% 45% STOLICI 2.80 5.7 8 845 46% 45½ 45% 45% STOLICI 2.80 5.7 8 845 46% 45½ 45% 45% STOLICI 2.80 5.7 8 845 46% 45½ 45% 45% STOLICI 2.80 5.7 8 845 46% 45½ 45% 45% STOLICI 2.80 5.7 8 845 46% 45½ 45% 45% STOLICI 2.80 5.7 8 845 46% 45½ 46% 45% 45% STOLICI 2.80 5.7 8 845 46% 45½ 46% 46% 45% STOLICI 2.80 5.7 8 845 46% 45½ 46% 46% 45% STOLICI 2.80 5.7 8 845 46% 45½ 46% 46% 45% STOLICI 2.80 5.7 8 845 46% 45% 46% 46% 45% 35% STOLICI 2.80 5.7 2 26% 26% 26% 46% 46% 25% 25% 25% 26% 26% 26% 46% 46% 46% 25% 35% STOLICI 1.20 5.0 7 2 26% 26% 26% 46% 25% 35% STOLICI 1.20 5.0 7 2 26% 26% 26% 46% 25% 35% STOLICI 1.20 5.0 7 2 26% 26% 26% 46% 25% 35% STOLICI 1.20 5.0 7 2 26% 26% 26% 46% 25% 35% STOLICI 1.20 5.0 7 2 26% 26% 26% 46% 25% 35% STOLICI 1.20 5.0 7 2 26% 26% 26% 46% 25% 35% STOLICI 1.20 5.0 7 2 26% 26% 26% 46% 25% 35% STOLICI 1.20 5.0 7 2 26% 26% 26% 46% 25% 35% 35% STOLICI 1.20 5.0 7 2 26% 26% 26% 46% 25% 35% 35% STOLICI 1.20 5.0 7 2 26% 26% 26% 46% 25% 35% 35% STOLICI 1.20 5.0 7 2 26% 26% 26% 26% 26% 26% 26% 26% 26% 2	20% 11¾ USLeosg 48 27 7 74 18 17% 17%+ ¼ 17 34 USRtv 313 27 6% 6¼ 6¼ 6¼ 6¼ 6¼ 6½ 12 12 12 12 12 12 12 12 12 12 12 12 12	EVERYWHERE YOU GO.
Ites Dealers Asan,	Siyan   29/2 21/4   Plastine   3/4 4/4	22.500 day - capta	London and Paris ; Opening and closing prices for Zurich.  U.S. dollars per ounce.  Eurocurrency  Interest Rates  Dollar D-Mark  M. 91/16-92/16 346-342  M. 912-946 346-342  M. 912-946 346-344  Swiss  Franc  M. 5/16-7/16 1176-1276	13 9 Sterchi 560 5.1 6 6 11 11 11 11 1 1 1 1 1 1 1 1 1 1 1	33 29% UPPL pf2,90 9.2 10 30% 30½ 30½ 30½ 30½ 25% 22 UPPL pf2,04 8.6 1 23½ 23¾ 23¾ 23¼ 23¼ 24% 23¼ 23¼ 23¼ 23¼ 23¼ 23¼ 23¼ 23¼ 23¼ 23¼	
Street   124   124   Durinom   124   154   Lin   Wilcrox   20   2014   Lin   Sherrins   10   1014   Lin   Viv.   Lin   Viv.   Lin   Viv.   Lin   Viv.   Lin   Viv.   Lin   L	Add   Add   Sodifier   Add   Add   Sodifier   Add   Add   Sodifier   Add   Add   Sodifier   Add   Ad	Total open Interest Thurs, 1,097, up 2 from Ned.  Total open Interest Thurs, 1,097, up 2 from Ned.  Total open Interest Thurs, 1,097, up 2 from Ned.  Not 100 22, deliars per frey ez.  Oct 26,50 27,50 28,50 27,60 29,50 +5,90 20,50 27,50 28,50 27,50 28,50 27,50 28,50 27,50 28,50 27,50 28,50 27,50 28,50 27,50 28,50 27,50 28,50 28,50 27,50 28,5	M. 36-36 M. 7/6-9/16 11%-12/6 M. 13/16-15/16 124-12/2 M. 13/16-15/16 124-12/2 Y. 1-1/n 12/6-12/2  Friday's  New Highs and Lows  NEW HIGHS—12  America inc intercit Div Texas ind Unitercit Div Unitercit Div Texas ind Unitercit Div U	Amery 8-87 9444 9544 9544 Ashikand 719-82 96 974 Ashikand 719-82 96 974 Australia 844-82 974 974 Australia 844-92 974 974 Australia 844-92 974 974 974 974 974 974 974 974 974 974	Aschi Glass   331   Adstsu E. Wienerson S-88   142   144     Arryster 494-68   68   70   734     Full see 414-91   139   141     Armentint 64-86   94   96     Artificial S-86   97   97     Artificial S-86   97     Artificial	Prev   Prev
Iniks   9   9½   Fridice   14%   15%   Mo	eller 24/2 25/2 TrnsOcO 18/9 1949 TrsOcD 18/9 1949 TrsOcD 55 57/2 TrsOcD 55 57/2 TrsOcD 55 57/2 TrsOcD 55 57/2 TrsOcD 55 57/2 TrsOcD 55 57/2 TrsOcD 55 57/2 TrsOcD 55 57/2 TrsOcD 55 57/2 TrsOcD 55 57/2 TrsOcD 57	Med.  LUAAB ER  188,800 pd. ft.  Nov 217,00 218,50 214,00 214,70 —2,00  Jon 205,50 206,40 202,80 203,20 —2,00  Mor 206,00 206,00 203,00 203,40 —2,00  May 205,70 206,20 203,50 203,50 —1,90  Lest. sales: 2,595; sales Thurs. 2,325,  Total open interest Thurs. 7,955, off 77 from Ned.  PLYWOOD (74,832 sq ft)  Nov 206,50 206,90 204,90 —1,40  on 204,50 205,80 205,90 205,80 +1,50  Nor 204,90 206,90 205,00 206,80 +1,50  Nor 204,90 206,90 205,00 206,80 +1,50  Nor 204,90 206,90 205,90 206,80 +1,50	Paris Bourse Probes  Steel-Share Dealings  PARIS, Sept. 22 (AP-DJ) — The Paris Bourse Commission said it is nvestigating alleged irregular dealings of the paris of the paris of the paris Bourse Commission said it is nvestigating alleged irregular dealings in French steel shares prior to the paris of the paris bourse commission said it is nvestigating alleged irregular dealings in French steel shares prior to	Cortoco 8-86 9814 9914   Sunbscanla 819-89 9314 9414   Jus See 18 18 18 18 18 18 18 18 18 18 18 18 18	14-97   78   80	0 48.51 0.2574 — 6.896 138.72 39.54 5 7.033 3.7305 14.505 — 20.14 5.71775 44.66 2.365 × 94.02 6.344 128.21 3.622 5 8.5975 1.629.75 4.1705 60.43 2.9925 10.5775 5 188.47 — 389.00 26.81 540.05 153.41
No.   104.   1	Nery 94 10 Winning 3s 49s 10s 10s 10s 10s 10s 10s 10s 11s 11s 11	97 207.00 207.30 206.00 207.00 + .90 ep 200.00 208.00 207.00 207.70 +1.40 lov . 208.20 +1.70	Unconfirmed reports circulating at the Bourse said that some big thareholders and institutional investors had prior "inside information" of the government's plan.	CI 814-87 954 100% America 414-87 814, 2012 Xen CI 814-87 954 9574 Sectrice 614-91 176 118 SE Coda 9-82 9514 100% Reptrice 414-92 9-101	mLomb 414-88 75 77 Zerick 1.524 3.003 77.9739	3 5.302 x 206.35 14.23 236.40 81.32 0.1843 71.74294 4.9497 22.25495 22.2549 22.25495 22.25495 22.2549 22.2549 22.2549 22.2549 22.2549 22.2549 22.2549 22.254

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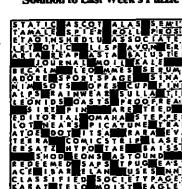
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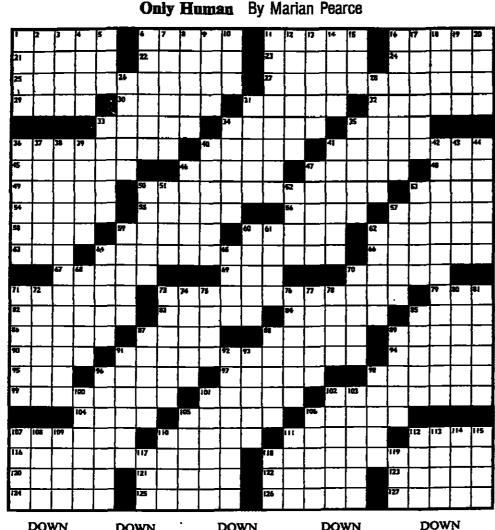
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#### INTERNATIONAL FUNDS **ADVERTISEMENT** September 22, 1978

(m)—monthly; (r)—regularly; (l)	irregularly		
BANK JULIUS BAER & Co Ltd;		Other Funds	
— (d ) Boerbond	SF 697.90	tool Alexandra Sand	
— (d ) Conbar	SF 453.00	(w) Alexander Fund (w) Trustcor Int. Fd (AEIF)	57.4
— (d ) Greber — (d ) Stockbor	SF 589,00 SF 714,00	(w) Austral Select Fd	\$7.4
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— (d ) CSF Fund	SF 14.92	(d ) Capital Restinvest	LF 14140
— (d ) Cressbow Fund	SF 3.62	(d ) Carlbica Open-End Fund	\$ 198.4
— (d ) ITF Fund N.V	\$8.48	(w) Citadel Fund	\$38
BRITANNIA TRUST MNGT.(CI)	t ter.	(w) Cleveland Offshore Fd	\$ 1,1128
—(w) Universal Dollar Trust	355	(w) Convert, Fd Int. A Certs	S 8.2
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—(w) High Interest Sterling	20,97*	(w) Convert Fd Int. B Certs (d) Convert. Bond Fd. N.V	ยรร
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— (w) Capital Int'l Fund	5 19.22	(d ) Drayfus Fund Inff	\$ 16.8
— (w) Capital Italia S.A	\$ 11,09		
(w) Convertible Capital S.A.	\$ 29.82	(w) Oreyfus intercontinent	\$16.6 LF 1,188.0
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		(w) First Eagle Fund	5 <b>4,19</b> 1.1:
(d ) Actions Suisses	SF 277.25 SF 335.00	(w) First Intern Fund	\$ 188,5
— (d ) Conasec	SF 99.50	(d ) First Not'l City Fund	\$ 32.5
— (d ) C.S. Fends-Int'l	SF 53,75	(w) Fonselex Issue Pr	SF 1,481.0
— (d ) Energie-Volor	SF 4173	(w ) Fermule Selection Fd (d ) Fonditalia	5F 58.3 5 12.3
— (d ) Energie-Volor	SF 390,00 SF 103,50	(d ) FronktTrust Interzins	DM 43.9
— (d ) Europo-Volor	5F 103.50	(d ) Fund of NLY. (ex-divid.)	5 Q.4
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- (d ) Concentre	DAA 22.20	(w) Housemone Hides, NV	\$ 272.2
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		(C) I I COSSUEZ ASCUINDONOS	\$ 107.2
(w) Fidelity Amer, Assets (d ) Fidelity Dir, Syss. Tr	\$ 29.09	(d ) Interfund S.A.	\$ 10.4
— (a) Fidelity Int'l Fund	\$57.45 \$ 24.33	(d ) Interfund S.A(w) Intermorket Fund	\$ 144.2
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— (w) Fidelity Sterling A — (w) Fidelity Sterling B	£4,15	(r ) Int'l Securities Fund	\$6.5
— (w) Fidelity Sterling B	\$10.19	(r ) (nvest Atlantiques	5.4E.9
— (w) Fidelity Sterling D	\$19.65	(d ) Italgmerics S.A. Fund (r ) Italfortune (nt'l Fd S.A	\$9.6
G.T. (SERMUDA)LIMITED:		· · · · · · · · · · · · · · · · · · ·	\$5.4
— (w) Berry Poc. Fd, Ltd	\$ 54,94	(r ) Joseph Growth Fund	\$30.4
— (w) G.T. Dollar Fund	\$7.5ī	(w ) Japan Selection Fund (w) Japan Pacific Fund	\$ 69.1
-		(d ) KB Income Fund	\$ 44,17 LF 1,493,00
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#### **CROSSWORD PUZZLE** Edited by EUGENE T. MALESKA



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#### **BOOKS**

PAIN AND PROFIT The Politics of Malpractice By Sylvia Law and Steven Polan. Harper & Row. 305 pp. \$12.95. **DEFECTIVE MEDICINE** 

Risk, Anger and the Malpractice Crisis By Louise Lander. Farrar, Straus & Giroux. 242 pp. \$10. Reviewed by Fitzhugh Mullan

dons of American life — the insur-ance industry, the law industry, and the medicine industry — locked horns over the subject of medical malpractice. The resultant fracas left many Americans bruised and most of us bewildered. Were doctors really more incompetent than they had been in the past? Or had lawyers become more avaricious and cunning in their pursuit

of damage claims? Whatever the answers, the crisis was real enough: Ninety percent of all malpractice claims in the history of American medicine have been filed since 1965. Between the years 1974-1977 the frequency of malpractice claims increased by 60 percent. During the same period, med-ical malpractice premiums rose 400 percent in price. Many insurance companies have since abandoned the field and numerous doctors are "going bare" — practicing without

any insurance coverage. The Lander book takes one of the mastodons, American medi-cine, and dissects it carefully. Her examination is thorough and telling. The problem as she sees it has little to do with the simple question of competence in the profession. Rather, the massive dissatisfaction with American medicine that is reflected in the increased frequency of litigation against doctors is a product of a calling gone awry, a social function that has, in large part, lost touch with society.

She writes provocatively about

that people are ungrateful for the but hardly conclusive.

marvels that scientific medicine has

Malpractice remains brought them and that instead of their doctors when the risk be-

comes injury." Lander expands her commentary on the medical scene in a chapter reminiscent of Ivan Illich called The Commodification of Healing." Contemporary medicine with its panoply of specialists puts emphasis on gadgetry and medications. The intimacy and continuity that characterized the doctor and pa-

CTARTING in the early years of tient relationship in the time when nology, and fewer expectations is greatly reduced today. In the cur-rent epoch health becomes a thing rather than a way of living, and the doctor becomes a purveyor (and the patient a consumer) of things pills and procedures — rather than a participant in a way of relating." The result should not be surprising. Consumers have different expectations of commodities than they do of other human beings. Their form of redress when they are dissatis-fied is likewise different.

"Defective Medicine" spends rel-atively little time talking about the actual malpractice crisis but moves quickly to the question of reform. Like Illich, Lander's criticisms are far more crisp than her solutions. She feels that none of the official responses from the insurance industry, medicine, or law offer any hope as long-term solutions. Likewise, medical consumerism and medical self-care (informal but strong movements in certain sec-tors of society) do little to confront the biomedical model or the essentially alienating commodification of health. One is left to assume that the real cure lies in a major overhaul of our notions of sickness and health rather than any superficial measures dealing with the mal-practice situation itself. That is an interesting concept but one that

cries out for definition.

"Pain and Profit: The Politics of Malpractice" is a more concrete book. Its authors, Sylvia Law and the origins of modern medicine and the triumph of the "biomedical model." The germ theory, she posits, is the essence of the biomedical model. Clinical technology falls all over itself trying to obliterate the germ and in the process forgets about the human being.

Thus today's patient enters the processions concerned, their best and strongest expectations. about the human being.

Thus today's patient enters the maze of modern medicine stoked with the propaganda of technology and expects that everything is posmoney industry" understandable.

Their conclusions, however, are on sible. Given this mind-set, the re- Their conclusions, however, are on sults are often disappointing and the anemic side. More explicit pubthe court of law becomes the means lic control of medicine, law, and of expressing frustration, disap-pointment, and anger. "Medical imize malpractice and make the practitioners and organizations forms of redress more equitable then express surprise and outrage and more accessible. That is helpful

Malpractice remains with us. Its brought them and that instead of passively resigning themselves to swings at the people and profesthe risk these marvels invariably sions involved in it. Of themselves, entail, they are increasingly suing those criticisms are healthy challenges to the professions. Whether or not they succeed in helping the average patient deal with the risk of injury and injury itself remains to

> Dr. Fitzhugh Mullan, the director of the National Health Service Corps, is the author of "White Coat, Clenched Fist."



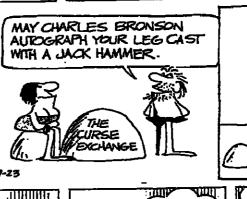








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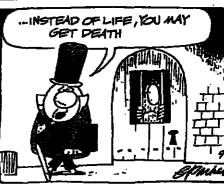


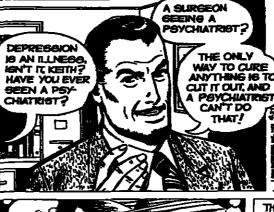














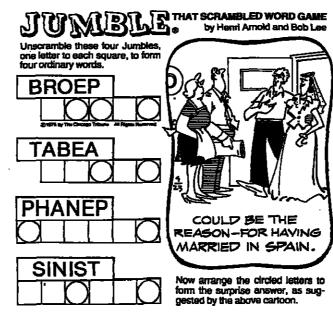








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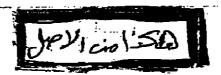
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"AM!ABLE"



THINGS AREN'T ALWAYS FAIR, JOEY. F'RINSTANCE, MR. WILSON'S BATHTUB IS NO BIGGER THAN OURS!"



and the Engles have been stingy

against the rush. But their offense

must sustain some drives to give

the defense a rest. That won't be

easy. Betting line: Miami by 3. Green Bay (2-1) at San Diego (1-2) — Raiders exposed Packers'

mediocrity. Their chance against Chargers is to pass a lot and David

Whitehurst has had only one inter-

ception in 57 attempts. The Charg-

ers have devastating running attack with Lydell Mitchell beginning to contribute. Betting line: San Diego

Detroit (1-2) at Seattle (1-2) — The Seahawks are a sound team able to give anyone a battle. They

are getting a lot of yards from Al Hunter and David Sims, running

backs of little renown. The Lions

are punchless and wearing out their defense. They have scored just two touchdowns. Betting line: Seattle

New Orleans (1-2) at Cincinnati (0-3) — Because Rich Szaro is hurt, the Saints have signed a new kicker.

John Laypoldt, who has been around. They have also lost both

starting guards, Emanuel Zanders and Conrad Dobler, for the season, which will hurt. The Bengals are in

disarray and still waiting for Ken Anderson to return. Betting line:

National Conference St. Louis (0-3) at Dallas (2-1) ---

The Cowhovs will come back. They always do. The Cardinals are in

deeper trouble now that Dan Dier-dorf, the leader of the offensive line, is hurt. This once-great rivalry-has vanished. Betting line: Dallas

Atlanta (1-2) at Tampa Bay (1-2)

- The Falcons' offense is the league's weakest and now Steve

Bartkowski has been restored to

first team at quarterback. The Buc-

cancers have their rookie quarter-

back, Doug Williams, back in action. They play well one week, poorly the next. This is due to be a

poor one. Betting line: Atlanta by

San Francisco (0-3) at New York Giants (2-1) — Against the Oilers, the 49ers had some offense at last,

gaining 383 yards, 321 by passing.

But Terry Lecount, the rookie re-ceiver who had displaced Gene

Washington, is out. O.J. Simpson?

He rushed for only seven yards and

sat out second half. The Giants

once again will lean on their de-

fense and hope Joe Pisarcik can produce some points. They can't af-ford any turnovers. Betting line:

Minnesota (1-2) at Chicago (3-0) Fran Tarkenton is tied with Ken

Stabler for most intercepted passes

this season — nine. But Tarken-ton's receivers have failed to catch

a lot of passes. The Bears' victories

have come over foes whose com-

bined won-lost record is 1-8. An-

other victory would put them three

games up on the Vikings in their

division race. Betting line: Chicago

Soviet Physician

**Decries Steroid** 

Use for Athletes

MOSCOW, Sept. 22 (AP) - A

leading Soviet sports doctor warned that addiction to muscle-

building steroids is increasing at an

alarming rate in some Western

Dr. Viktor Rogozkin, head of the 1980 Olympic Games drug commit-tee and chairman of the U.S.-Soviet athletic medicine symposium that

ended in Leningrad yesterday, re-

iterated that the use of steroids is strictly forbidden at sporting events, which he said should focus

on the competition of athletes and

Some coaches and sportsmen

Rogozkin said, "are apt to ascribe to anabolics a 'miraculous' effect

on the general state of the body, the

appetite and the rapid build-up of

the muscles." But, the physician warned, tests conducted by Soviet.

U.S. and Canadian researchers

show that such synthetic hormones

have a "destructive influence" on

the body and can lead to diseases with "dangerous, though delayed

consequences.

The U.S. and Soviet doctors

agreed on the need to ban the use

pealed to sportsmen around the

world to stop using them because of their potential health dangers.

steroids among athletes, and ap-

not pharmaceutical firms.

countries.

New York by 4.

Cincinnati by 6.

#### Succeeded Stengel in New York

### Houk Resigns After Rebuilding Tigers

DETROIT. Sept. 22 (UPI) — Relph Houk stunned the Detroit Tigers when he amounced yester-Tigers when he amounced yester-Tigers for as long as he wanted.

Rozema followed last season while could manage the Tigers for as long the sparkling double play combination of Lou Whitaker at second and in 1958. day that he was retiring.
Les Moss, manager of Detroit's

Triple-A affiliate, Evansville of the American Association, was named as his replacement for next season. Houk, 59, originally signed a three-year contract to manage the Tigers but it was replaced after 1976 with a unique self-renewing agreement that raised his pay above the average of his contemporaries and provided for additional attendance and club performance

It also had a built-in year of severance pay should the contract be terminated by either side. Jim Campbell, the Tiger general mana-

Houk had been hinting at retirement — citing his age, the aggrava-tion of traveling and fan abuse but said that he wanted to stay until he felt the job of rebuilding Detroit into a respected team was accomplished.

He became manager of a Tiger team that was already growing old before he took over and it crumbled in less than a season. His second year featured a 19-game losing streak before a step-by-step return to respectability began with an infusion of youngsters in 1976.

Mark Fidrych and Jason Thompson joined Ron LeFlore as regulars
that season, Steve Kemp and Dave

He became playing manager of Denver, New York's American As-

Alan Trammeli at shortstop have provided the club with an excellent foundation for a return to power.

Houk was a non-playing member of New York Yankee teams of the 1940s and 1950s. The most times he ever batted in a season was 92, in his rookie year. He never had a home run and his major league playing career ended with an unsuccessful pinch-hit in 1954.

But like many players whose tal-ent never matched their love for the game, Hook spent his time on the bench listening, learning and asking questions.

He became playing manager of

New York asked him to succeed Casey Stengel in 1961 and the Yankees won pennants his first three seasons and were World Champions the first two.

He resigned as manager to be-come general manager in 1964 but returned to the field for the start of the 1966 season when he found front office life unsuited for him.

The Yankees rose from 10th in 1966 to second in 1970 before three successive fourth-place finishes and differences with owner George Steinbrenner led to his resignation at the conclusion of the 1973 sea-



#### Philadelphia Still Leads by 1½ Games

### 2-Error Play Boosts Pirates Over Cubs, 3-2

runner Matt Alexander to score the winning run in the 14th inning and gave the Pittsburgh Pirates a 3-2 minmph over the Chicago Cubs.

Pinch-hitter Rennie Stennett led off the 14th with a walk off loser

At St. Louis, John Urrea and Buddy Schultz combined for a

Bruce Sutter, 8-10, and Alexander, sent in as a pinch-runner, promptly stole second and continued to third as Rader's high throw sailed into center field. Murcer, attempting to nail Alexander at third, threw the ball wide and Alexander ran home to give Ed Whitson, 5-6, the victory. Jim Bibby pitched the final in-

ning for his first save.
The Cubs tied the score, 2-2, in the ninth with an unearned run. Bill Buckner opened with a single fourth complete game in six starts and Greg Gross followed with an infield hit, sending pinch-runner starting rotation. The victory Jerry White to second. Mike Vail snapped Houston's four-game loshit a grounder to shortstop Frank ing streak and it marked the third Taveras, who forced Gross at second, but second baseman Phil Garner's throw to first was wide, allowing White to score the tying

Bill Robinson's double started a two-run fifth inning that put the Pirates ahead, 2-1, after eight innings. Garner's double scored Robinson with the game's tying run. Garner moved to third on a single and scored as Frank Taveras hit into a

The Cubs scored in the first on Bill Buckner's RBI single, driving in Ivan Dejesus, who singled, stole his 38th base and went to third on a

Chicago used 27 players in the game, tying the National League record set by the 1974 Philadelphia

#### Padres 5, Giants 1

vlord Perry.

to estimated crowd of 3,000 fans -

a throng much smaller than had

Ali departed from custom and

Tve been honored everywhere

in the world, but there's nothing like being honored in my hometown," said Ali. In the first

official state recognition of the boxing star, Gov. Julian Carroll pre-

sented Ali with a Distinguished

for that tonight," Carroll said. Standing to accept the praise, Ali introduced his father, Cassius Clay

Sr. "He's the greatest in the world

not me. He brought me into this

Ali was ambiguous about his fu-

ture plans. "That last fight [against

leon Spinks), that was my last

fight but I tell the press that it

Kentucky has been delinquent in honoring this, its most favorite, native son, but we want to make up

Service Award.

Muhammad Ali, right, talks with Gov. Julian Carroll.

Kentucky Welcomes Ali

For First Time as a Hero

LOUISVILLE, Ky., Sept. 22 days after becoming the first three-time heavyweight champion in his-beavyweight champion Muhammad Ali returned home last night days after becoming the first three-time heavyweight champion in his-beavyweight champion in his-bea

sat back to hear of his exploits as Philip Ciaccio. "Certain people told by those who got him started.

Philip Ciaccio. "Certain people whom I regarded as my friends

CHICAGO, Sept. 22 (UPI) — win 20 games this year as San Discoessive throwing errors by catcher Dave Rader and center fielder Bobby Murcer on the same play yesterday allowed pinchnuner Matt Alexander to score the moved in favor of Rollie Fingers moved in favor of Rollie Fingers.

At St. Louis, John Urrea and Buddy Schultz combined for a four-hitter and Urrea hit a two-run

#### single to lead St. Louis to a 6-2 triumph over New York. Astros 2, Braves 0

At Atlanta, Ken Forsch tossed a five-hitter and Houston thwarted Phil Niekro's bid to win his 20th game by defeating Atlanta, 2-0. Forsch, 10-6, struck out 10 and hurled his second shutout and game in a row that an Astro pitcher struck out 10 or more batters. Niekro went the distance for the 20th time, tops in the National

#### Yankees 7, Blue Jays 1

In the American League, at Toronto, Reggie Jackson and Thurman Munson drove in two runs each to support the combined fivehit pitching of Catfish Hunter and Rich Gossage and led New York to a 7-1 victory over Toronto. New York scored three runs in the fifth Randolph walked to load the bases sacrifice fly, Jackson then doubled to left field to make it 3-1. Randolph tripled in the seventh to score Rivers, who walked, and



Pittsburgh catcher Edd Ott tumbles into the stands trying to reach a pop foul off the bat of Chicago hitter Dennis Lamp, much to the amusement of some of the fans. Pirates went on to win.

#### Chambliss hit back-to-back doubles to complete the scoring.

Red Sox 5, Tigers 1 At Detroit, Dennis Eckersley inning after Bucky Dent drew a walk off loser Balor Moore, 6-8. Pitched a six-hitter to win his 18th Mickey Rivers doubled and Willie game and Boston scored three runs after two were out in the first inbefore Munson scored Dent with a ning to keep its flickering pennant hopes alive with a 5-1 triumph over Detroit. Rick Burleson, who had four hits, singled to open the game and two outs later, Carl Yastrzem-ski walked. Carlton Fisk broke an

threw a wild pitch and walked Fred lead in the American League West Lynn, Butch Hobson singled up the middle for two runs. Hobson had been 1-for-11 in the series.

Cover idle California.

Rangers 6, To

#### Royals 8, Brewers 4

At Kansas City, George Brett singled home the tying run in the fourth inning then hit a bases-empty home run in the sixth to lead Kansas City to an 8-4 victory over Minnesota. Matlack, 14-13, posted only his second road Milwaukee. Right-hander Dennis losses as he struck out five and losses as who turned 40 last Friday, became gle to make it 5-1. After Jackson the first National League pitcher to flied out, Lou Piniella and Chris and after loser Milt Wilcox, 13-11, Kansas City retained its 51-1. After Jackson and after loser Milt Wilcox, 13-11, Kansas City retained its 51-1. After Jackson of the first National League pitcher to flied out, Lou Piniella and Chris and after loser Milt Wilcox, 13-11, Kansas City retained its 51-1. After Jackson of the first National League pitcher to flied out, Lou Piniella and Chris and after loser Milt Wilcox, 13-11, Kansas City retained its 51-1. After Jackson of the first National League pitcher to flied out, Lou Piniella and Chris and after loser Milt Wilcox, 13-11, Kansas City retained its 51-1. After Jackson of the first National League pitcher to flied out, Lou Piniella and Chris and after loser Milt Wilcox, 13-11, Kansas City retained its 51-1. After Jackson of the first National League pitcher to flied out, Lou Piniella and Chris and after loser Milt Wilcox, 13-11, Kansas City retained its 51-1. After Jackson of the first National League pitcher to flied out, Lou Piniella and Chris and after loser Milt Wilcox, 13-11, Kansas City retained its 51-1. After Jackson of the first National League pitcher to flied out, Lou Piniella and Chris and the first National League pitcher to flied out, Lou Piniella and Chris and the first National League pitcher to flied out, Lou Piniella and Chris and the first National League pitcher to flied out, Lou Piniella and Chris and the first National League pitcher to flied out, Lou Piniella and Chris and the first National League pitcher to flied out, Lou Piniella and Chris and the first National League pitcher to flied out, Lou Piniella and Chris and the first National League pitcher to flied out, Lou Piniella and Chris and the first National League pitcher to flied out, Lou Piniella and Chris and the first National League pitcher to flied out, Lou Piniella and Chris and the flied out, Lou Piniella and Chris and the flied out, Lou P

Seventh-seed Arthur Ashe avert-

Bengtson made a gallant effort

In other matches, Cliff Drysdale

defeated Alien Stone, 6-1, 3-6, 6-3;

to post an upset by firing 11 aces.
Ashe countered with terrific passing shots and also managed to serve

#### Rangers 6, Twins 3

At Bloomington, Minn., Jon Matlack pitched a five-hitter and "We're still young and inexperipinch-hitter John Grubb capped a three-run eighth inning with a twowe'll be ready emotionally."

Southern California has some ex-

> ber last season, when Alabama ended their 15-game winning streak, 21-20, and they would like nothing better then to get even. Alabama enters the contest with a 12game winning streak — the longest in the nation.

approach to tomorrow's game.

"I was proud of our comeback against Missouri, but we played pretty sorry for about five minutes in the second quarter and if we do that against USC, it will be a long afternoon for us."

#### **Backs Do Battle**

A sidelight to the contest will be a battle between two of the nation's leading running backs — Tony Nathan of Alabama and Charles White of Southern Cal. Nathan has

"Charlie is one of the toughest competitors on our team," says Robinson. "He's tireless. He's developed the ability to pound away at people — like Ricky Bell and Anthony Davis before him."

homa entertains Rice, Arkansas visits Oklahoma State, Penn State

BURLINGTON, Ky., Sept. 22 (AP) — Greg Cook, 31, a former Cincinnati Bengals quarterback, has been fined \$250 and given a suspended three-day jail term after pleading guilty to shoplifting a 570

### Lloyd Upsets Tanner in U.S. Tennis

Lloyd, although complaining of

his service, getting in 63 percent of

"He didn't play well," said Lloyd. "He seemed to lose control and concentration after the first

first set, I didn't feel I was in the 0. match. My legs were rubbery."

Lloyd has now beaten the ex-

his first serves.

LOS ANGELES, Sept. 22 (UPI) His opponent went on to win the tiè-breaker and send the match into a third set.

John Alexander, seeded No. 8, was forced to go three sets to subdue Ross Case, 2-6, 6-3, 6-4. - Roscoe Tanner was upset by 11th-seed John Lloyd, 4-6, 7-6, 6-3, yesterday in a hard-fought thirdround match at the Tennis Open at UCLA's Pauley Pavilion.
Tanner, off-target with his ser-

vice, hit only 43 percent of his first serves and double-faulted four times during the two-hour match. His most disastrous double-fault came in the tie-breaker of the second set when he was leading, 4-3.

#### Transactions BASEBALL

SEATTLE MARINERS - Fired Mel Didler.

Brector of their minor league system, tetianat League, HOUSTON ASTROS — Rehired Bill Virdon, nanager, and his coaching staff for the 1979 sec-

the retirement of Ray Rippelmeyer, pitching coach.
ST. LOUIS CARDINALS — Signed Lou Brock

stigner Baskethell Association Missional Baskerbast Association
ATLANTA HAWKS — Placed Texty Robertson
and Ken Chorles, guards, an walvers.
80STON CELTICS — Announced they had
agreed to a third-round droft choice most year as
compensation from the Denver Nuggers for Tom HOUSTON ROCKETS - Released Ed Ratioff.

puord-forward. NEW ORLEANS JAZZ — Traded Silick Waits, puord, to the Hauston Rockets for a 1981 first-NEW ORLEANS JAZZ — Traded Silck Watts, spaint, to the Houston Rockets for a 19th first-round draft choice.

PHILADELPHIA 74ERS — Released Jerry Fort, sward, an weitvers.

SAN DIEGO CLIPPERS — Announced that Mel Dovis, forward, left training came, WASHINGTON BUILLETS — Cut Roper Dickets and Colvin Brown, sucards, FOOT BALL.

Notional Football League

BALTIMORE COLTS — Signed Dave Rowe, detamine lockle, Placed Herb Orvis, defensive lockle, on the injured receive list.

NEW ORLEANS SAINTS — Signed Fred Sturt guard.

Saturday — and since dropped — charging their two black co-promoters with siphoning off gate receipts to the fight at the Louisians WASHINGTON REDSKINS — Added Ika

### Flyers Beat Rangers, Clark Shines

PHILADELPHIA, Sept. 22 — In another exhibition match, Jim Veteran center Bobby Clark scored Roberts and Mike Fidler each two goals and one assist yesterday to help the Philadelphia Flyers de-feat the New York Rangers, 8-2, in a National Hockey League exhibition game.

ence in New Orleans, I made cer-

tain unfortunate remarks," Ali said

in reference to his diatribe unleashed at Jake DiMaggio and

gave me a distorted version of events which so enraged me that I

made unthinking, angry remarks." Ali's comments were made in reference to a \$1 million suit filed last

The crowd of 14,234 booed new Ali said that if he announced his Ranger coach Fred Shero, who left retirement, "boxing commissioners would take my title. I'm gonna keep them puzzled." the Flyers at the end of last season to become the manager-coach of the New York team.

Three Flyer rookies — Ken son. Linseman, Behn Wilson, and Dan G Lucas — each scored goals. Dean Talafous scored the Rangers first when the Rangers were down, 8-1. lanta nets.

scored two goals to lead the Minnesota North Stars to a 7-4 victory over the Atlanta Flames. The other North Star goals were scored by Bob Smith, Tim Young

and Al McAdam. The Stars moved from a 2-2 first period to lead 5-2 after two periods Minnesoto as the Flames settled for single goals by Eric Vail, Bob MacMillan, Ony Chonnard and Rick Hodg-

Gary Edwards and Jim Warden shared duty in the Minnesota goal and handled 37 shots while Dan goal after team trailed, 5-0, and Bouchard and Tim Burnhardt were brad Becker made the second point tested a total of 31 times in the AtThursday's Line Scores , Tekulve (10), G. Jackson (10), Whitson (11), Bibby (14) and Off; Lorna, W. Hernandez (8), AlcGlothen (9), Roberts (10), D. Alonce (11), Gelsel (12), Sutter (14) and Blackwell, Rader (9), W.-Whitson, S.A. L.—Sutter, E-10.

being tired from his flight from ed an upset by rallying in third set London, had much better luck with to defeat Ove Bengtson, 6-3, 5-7, 6-

set. His serve wasn't sharp.
"When I was down, 3-0, in the six aces. Sixth-seed Harold Solomon whipped Phil Dent, 6-2, 2-6, 6-

Stanford University athlete three Brian Teacher downed Tony straight times and has lost to him only once.

Stanford University athlete three Brian Teacher downed Tony Graham, 6-0, 6-1, and Peter Fleming ousted Kim Warwick, 7-6, 6-3.

P. Niekro and Nokon; K. Farsch and Sachy. W-K. Farsch, 18-6. L.—P. Niekra, 19-16.

New York 7, Toronto 1

Boston S. Detroit 1 Texas 6. Minnesota 3 Kansos City S. Milwoukse 3

### Major League Standings

AMERICAN LEAGUE Detroit (Young 6-6) at Saltimore (Floragen New York (Figueroo 18-7) of Cleveland (Walts Boston (Sprowi 0-2) at Toronto (Clancy 10-11) Oakland (Brobers 10-12) at Mi WEST 5% 539 507 454 451 451 451 272

A transfer for the property of a second

NATIONAL LEAGUE 539 Hz 539 Hz 493 89z 464 13 429 189z 412 21 Friday's Games Konsas City (Pattin 3-2 and Guro 14-4) at Mic-New York

Taureday's Comes Pittsbursh 3, Chicago 2 Philodelphia of Montree Philiadelphia of Montreal of Houston 2, Arlanta 0 St.Louis 6, New York 2 Son Diego 5, Son Francisco 1

Friday's Games

San Diego (Jones 12-14) at Las Angeles (Ra

Saturday's Games Chicago at St. Louis Cincinnati at Atlanta Pittsburgh at Montreal Son Diego ut Les Ange Houston et Son Franci

#### **NFL** Weekend

### **Raiders Favored Over Patriots**

By William N. Wallace NEW YORK, Sept. 22 (NYT) — Previews of National Football League games, with won-lost re-cords in parentheses:

New England (1-2) at Oakland (2-1) — Key match will be Doug Beaudoin, Patriots' new strong safety, defending against Dave Casper, Raiders' all-pro right end. Patriots do not need another sour game from their passer, Steve Gro-gan. Their new kicker is a Dart-mouth rockie. Nick Lowrey. The Raiders have given up a lot of rushing yardage and nine of Ken Stabler's passes have been intercepted but they seldom lose at home, twice in regular season since 1973. Betting line: Oakland by 6

points.
Cleveland (3-0) at Pittsburgh (3-0) — The Browns' star, Greg Pruitt, has been hospitalized and will not play. The best defensive back, Oliver Davis, is also out. Cleveland last won in Pittsburgh in 1969. Nei-ther side has played a creditable opponent as yet but the Steelers have been the most impressive. Betting line: Pittsburgh by 8. Denver (2-1) at Kansas City (1-2)

The Chiefs' power offense won't budge the Broncos' stonewall defense and Denver should score somenow, maybe on another punt return by Rick Upchurch. Chief punter Zeno Andrusyshyn has been

kicking line drives. Betting choice: Denver by 8. — The Dolphins love to run with Del Williams leading the charge

Baltimore (1-2) at Buffalo (0-3)

—What can Joe Washington do for an encore? His speed gives the Colts a new dimension and some hope. The Bills are much improved and Joe Ferguson is naving a good year. He now has two wide receiver threats in Bob Chandler, newly re-turned to action, and Frank Lewis.

#### 153 yards. Betting line: Baltimore Interconference

by 2

who caught five against Miami for

Los Angeles (3-0) at Houston (2-1) - The Oilers had to come from behind to beat two weak teams, the 49ers and the Chiefs, and earlier lost to the Falcons. Their offense is not going to do much against the Rams, who were so impressive against the Cowboys. Bob Brudzinski and Nolan Cromwell are able defensive replacements for Isiah Robertson and Dave Elmendorf, both injured. Betting line: Los An-

getes by 3.

New York Jets (2-1) at Washington (3-0) — The Jets will try their speedy outside receivers, Wesley Walker and Derrick Gaffney, against the Redskins' seasoned cornerbacks. Joe Lavender and Lemar Parrish. Joe Theismann may be a little too much for the Jet defense, which does not generate a pass rush. Betting line: Washington by 7.

Miami (2-1) at Philadelphia (1-2)

hosts Southern Methodist, Michi-

gan visits Notre Dame, Texas entertains Wyoming, UCLA travels to Kansas, Pittsburgh hosts Temple

and Texas A&M visits Boston Col-

The Michigan-Notre Dame con-test has as much emotional fervor surrounding it as the Southern Cal-

Alabama game, Michigan hasn't met Notre Dame since 1943 and al-

ready stories have begun circulat-

ing that if Dan Devine, the Notre Dame coach, loses another one he

could be on his way out. Notre

Dame was a disappointment in los-ing its opener, 3-0, to Missouri two weeks ago. But the Irish have had plenty of time to prepare for the Wolverines, who opened with a 31-

Notre Dame was 11-1 last season

after a loss to Mississippi in its second ga ne. Michigan was 10-2.

0 rout of Illinois last Saturday.

Vet Convicted

Of Horse-Switch

At Track in U.S.

MINEOLA, N.Y., Sept. 22 (AP)

- Race track veterinarian Mark Gerard was convicted yesterday of

a minor charge of switching horses

in a Belmont Park ringer scandal

that netted him \$78,000 in winn-

ings. He was acquitted, however, of

more serious larceny and deceit

Instead of facing a maximum 21

years in prison, Gerard faces no

more than two years. Defense at-torney F. Lee Bailey said that he would appeal the switching verdict.

The 44-year-old Gerard was

found guilty of charges that cov-ered the actual substitution of the

champion Uruguayan thorough-

bred Cinzano in a Belmont race

last Sept. 23 for a cheaper horse from that country, Lebon, which

Lebon, at odds of 57 to 1, claiming he did so in the belief that it really

was Lebon. He cashed tickets worth \$77,920 immediately after

Gerard was acquitted of grand larceny in depriving millionaire New York Nets owner Joseph Taub of Cinzano. The National

Basketball Association owner

bought Cinzano from the vet and

the horse was stabled at the Gerard's Long Island farm: Gerard

was also acquitted of grand larceny against Lloyd's of London, which paid \$137,000 in insurance on Cin-

zano: of falsifying business

records; and of filing a false insur-

ance claim with Lloyd's.

Gerard bet Cinzano, running as

earlier had been destroyed.

charges.

#### College Football

#### Southern Cal Is Psyched For Clash With Alabama

NEW YORK, Sept. 22 (UPI) — Few college football teams relish meeting the top club in the nation on its own turf, but John Robinson, coach of Southern California, looks forward to tomorrow night's clash with Alabama at Birmingham with boyish enthusiasm. These are the games you live for," said Robinson. "You antici-

pate the sheer joy of playing in them. Alabama is a veteran team, ranked No. 1, coached by the winningest man in college football [Paul Bryant], and is perhaps one of the best teams in the last few years in college football."

Both teams enter the contest with 2-0 records, but Robinson knows his team will have to play a flawless game to knock off the more experienced Crimson Tide.

#### Question of Readiness

enced, and I consider us a developing team which will get stronger as the season goes on," said Robin-"The question for us is: are we ready for this big a challenge this early? I'm not sure - but I know

tra incentive. The Trojans remem-

Bryant tries to remain stoic in his

"Every game is a big one, and this one is no bigger than any other," said Bryant, who has a 184-37-8 record in 21 seasons at Ala-

rushed for 167 yards in 27 carries for a 6.2 average while White has picked up 329 yards in USC's first two games and is averaging 5.3 yards per carry.

In other games tomorrow, Okla-

#### Ex-Bengal Convicted

THE IRISH HOSPITALS SWEEPS

IRISH SWEEPS AUTUMN HANDICAP RUN AT NEWMARKET, ENGLAND, NOV. 4th 1978

ONE SUPER PRIZE OF \$250,000 and many RECEIPTS

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Apply to: SECRETARY, ASSOCIATED HOSPITALS

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IOR LOCAL CURRENCY EQUIVALENT) SECRETARY, ASSOCIATED HOSPITALS,

والمعارض والمراكب والمراكب والمراكب والمراكب والمراكب والمراكب

- P

Earlier yesterday, Ali apologized for racial remarks he made about

be offended by his statements. Ali's apology followed a storm of

two Italian-American fight pro-moters who filed a \$10 million libel sait against him and to all people

might not be the last."

kiticism directed at him in the wake of statements he uttered three

#### **Art Buchwald**

### Funny Business

WASHINGTON — When a guarantee it when the consumer doesn't follow the instructions."

Translation: "Oh boy, it looks like it." Whether true or not, it's a simple declarative sentence which ev-. ervone understands.

But when a large company is leged bribes that were paid to for-charged with violating the law, its eign agents. Our people know that spokesman resorts to gobbledygook in hopes that the

publicity concerning the crime will blow over, Here are some of the favorite

lines that big business uses followed by what the spokesman really means.
"We have no

Buchwald comment on the charges until we can study them." What the person is really saying: "Maybe by next week, the reporter won't call back."

"Since the case is now a legal matter, we don't think we should say anything about it at this time." which translates into: "If we can keep it in the courts for five years, everyone will forget what the payoff scandal was all about."

"I believe when the facts are in, the public will realize we are the victims of a politically motivated, zealous prosecutor who is trying to make a name for himself." Translation: "We told the sales people if they got into price-fixing we didn't want to know about it. But the dummies put everything down on

"There is no truth to the govern-ment's charges that our product is unsafe. Under normal conditions it is accident-proof. But we can't

### Man Steals Truck

charged with stealing a truck told and now everyone wants to make a them that he only needed the vehicle to get to Jackson, Tenn., where he wanted to apply for a job as a am shocked and appalled that the

Officer Bob Gray said that Henry Jackson, 27, admitted taking the lous that they are unworthy of truck and asked if his arrest would comment." Translation: "Get me truck and asked if his arrest would

"All of the chief officers of this corporation were unaware of the alif any employee of this firm be-comes involved in this kind of activity, he will be summarily dismissed." Translation: "We'll have to sacrifice the guy, but if he keeps his mouth shut, we'll make sure he gets his full pension. If he talks to save his own neck, he won't get a dime."

"The president has resigned because he wants to spend more time with his family and the chairman of the board is leaving as he believes a younger man should be given the opportunity to run the company." Translation: "At least when they're indicted they won't be officers of

the corporation."
"We have decided to plead 'no contest' to avoid an expensive legal battle which we are certain we would win." Translation: "Our lawyers have advised us we don't have a chance in hell of winning the

"While our main concern is, and always has been, safety, we must state that if we make the changes demanded of us, it will cost the consumer \$150 more for each unit." Translation: "If our engineers are correct, we should make \$100 profit on each deal."

There is no scientific proof that any of the animals which died within a three-mile radius of our chemical plant were affected by poisonous substances which we are alleged to have produced."
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In Bid for Police Job

MEMPHIS, Sept. 22 (UPI) — Police said yesterday that a man charged with stealing a truck told them that he only needed the wabi

"As chief executive of this firm, I grand jury would come to this con-clusion. The charges are so ridicuaffect his chances of getting the Edward Bennett Williams on the phone immediately."

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#### MARY BLUME

The goods come from French government branches that are buying new equipment, people who have died intestate or, like the cows that are sometimes found wandering down a road and end up at a Domaines auction, they are simply unclaimed property.

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PARIS (IHT) — Desk lamps, jerticans, pieces of gold. Three netsukes, 300 cinema seats (including 40 strapontins), 30 kilos of espadrilles, 28 summer descent (50 kilos of clus A dresses, 450 kilos of glue. A Jodel airplane, a sheepfold, umbrellas, police dogs, 107 leather jackets, all with raglan sleeves. Rubber tubing, diamond rings, desks in the ministere and doministics in the different control of the ministere and descriptions. demi-ministere style (the ministere is, of course, larger, with drawers at both ends). These are a few of the items

that have turned up at auctions held by the Domaines, the agen-cy of the French Finance Ministry whose job is to dispose of unwanted state property. The goods come from government branches that are buying new equipment, people who have died intestate or, like the cows that are sometimes found wandering down a road and end up at a Domaines auction, they are simply unclaimed property.

#### Ancient Jeeps

The Domaines has about 1,000 employees throughout France, contributes 200 million francs in earnings to the nation each year and publishes, from its headquarters near the Paris Opera, the Bulletin Officiel

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d'Annonces des Domaines, which makes better reading than a Sears, Roebuck catalog.

The magazine, says its director, Jean Gaillard, has 40,000 subscribers, of whom 6,000 are professional dealers, and it's sent to Iran, Japan, the United States and the Philippines as well as France. The Domaines does its biggest business selling cars, in-cluding ancient American jeeps. Filipinos come especially for the jeeps, Mr. Gaillard says.

Near Mr. Gaillard's desk is a cabinet, decorated with oak leaves, that belonged to a Marshal of France whom he refuses to identify. The cabinet belongs to the Domaines but will not go on sale. Almost everything else imaginable has, including camels used by now-disbanded North African troops and the house oc-cupied by Gen. Dwight D. Eisenhower when he was chief of SHAPE.

The Domaines handled the sale of a New York townhouse that had been used by France's UN delegation, of a French air-craft carrier, and, more recently, it got 2,350,000 francs for a chateau in the Loiret in the Renaissance style with a dovecote and

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Nothing is too humble for the Domaines to sell in Paris or at its regional auctions: deckchairs, 19 statues of Buddha (two in a prone position), a 15-year-old gelding, a Kodak Instamatic, 38 grand pianos. Also, manure from government stud farms.

#### **Stud Farms**

"We sell only the male, it is better than the female," Mr. Gaillard says. The manure is used for the cultivation of mushrooms. "It is very important as champignons de Paris are now being raised by the Japanese. who have discovered the secret.' Mr. Gaillard says.

As old military installations fall into disuse, the Domaines can also offer suitable tunnels to mushroom cultivators. The most famous belong to the Maginot Line, chunks of which have sold very well because they adjoin ex-cellent trout streams and hunt-ing land. The Maginot Line, built in the 1930s to prevent a frontal attack by the Germans (as it turned out, no frontal at-tack was necessary: the Ger-mans simply flanked it), has been sold off bit by bit to buyers who include Americans and fruit merchants, who use its caverns for ripening bananas.

Disused railroad stations and blockhouses are popular buys as residences secondaires, and Americans, says Mr. Gaillard, are especially fond of buying prisons. One that they didn't get, a Napoleon III fortress on an island off La Rochelle, went for 30,000 francs to a firm that rents it out to film-makers.

The Domaines already existed in the time of Charlemagne, who took the idea from the Romans, but its foundation is usually fixed at 1566, when the Edict of Moulins clarified its functions. A royal institution, it changed, and survived, through history. "After the Revolution the Domaines handled the sales of the ci-devants [aristocrats]," Mr. Gaillard says. "With Napoleon, each time he conquered something the Domaines were in charge of selling the booty. When church and state were separated, the Domaines handled the sales. At the Liberation we sold the goods that were confiscated from collaborators."

Not only does the Domaines sell everything, it is obliged by law to sell everything. "We can only turn down things we cannot legally sell," Mr. Gaillard says. The only example he could think



Charlie McCarthy and Edgar Bergen at press conference.

### PEOPLE: Charlie McCarthy Silenced at Last

loquist said that he will make his last professional public appearances next week and the week after with Andy Williams at Las Vegas' Caesar's Palace hotel. "I'm retiring because of I'm tired of earning money, saving it, and then sharing it with people who didn't save it," Bergen said Bergen said that Char-lie McCarthy, who was first conceived in 1922, will be sent to the Smithsonian Institution to be put on display, but that Mortimer Snerd was not invited. Bergen, who called a news conference to an-nounce his retirement, held McCar-thy on his knee. When asked why Snerd had not been honored, the comedian allowed the dummy to answer. "I think the Smithsonian was exercising good taste," McCar-thy said. Bergen's retirement ends a show business career that began in vaudeville and led to one of the most popular and long-running shows in the history of radio during the 1930s and 1940s. "I'm going to spend most of my time at my Palm Springs home," Bergen said. "I may do some college benefits from time to time. But that will be it."

U.S. Sen. William Proximire gave his monthly Golden Fleece award to the Office of Education, which he said spent more than \$40,000 to send 35 bureaucrats to a creative career and life planning course — during work hours. Proximire, a Wisconsin Democrat, said that the office had found a way to help its "employees on the way up or on

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RENCH BANK SEEKS for its Int

Edgar Bergen has announced his retirement. The 75-year-old ventrimire makes a Golden Fleece award for what he calls the "biggest, most ironic or ridiculous example of wasteful spending by the federal government." He said that the same course could have been given to the same people on their own time at a cost of \$475 a person, in-stead of the more than \$1,100 a person which the government spent. Proximire said that the sn-dents taking the course, which last ed 3 hours a day for 10 days, had assignments which included writing a lengthy autobiography, analyzing their hobbies and figuring out in Walter Mitty fashion how they would give away \$10 million.

> The U.S. Court of Appeals in New York has upheld a 1977 judg-ment that awarded damages of \$177,980 for copyright infringement to the estate of ragtime com-poser Scott Joplin's wife. The judgment was entered by Manhattan federal court Indge John Camella against Olympic Records Corp. its president, Joseph Abend, and Crown Publishers, Inc. for unauthorized distribution of a record allowed the contractions of the corp. burn containing three compositions sha." Jopin, who died in 1917 copyrighted the compositions in 1917. pyrighted the compositions in 1917 coand 1913 and his widow, Lottle appear in
> Jophin Thomas, renewed them in
> 1938 and 1940. The record them in 1938 and 1940. The record album containing the compositions was the second entitled, "Scott Joplin — His Complete Works." — SAMUEL JUSTICE AND IN ....

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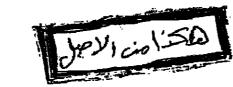
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The International Herald Tribus commot wouch for the reliability of the low cost flights advertised below. the only 5 percent dis fiscal year Reverse should fittle of toy, i de a bit better pe ALL THE WAY TO LA.: Comports words con-6 percent Such fire

**V**Tsung MOTHAL





#### Economy

#### Broader Mix of Industries Key to Future Prosperity

FIONG KONG (IHT) — This modest in light of the colony's re-cent rather spectacular trade perof outperforming the best estimates

This year started with discordant tones in the economic rhythm. An ic was expected from a rectionist textile agreement wring out of the colony by the Eu-The pact that severely limits Hong Kong's important garment and

five years. The four stock ex-changes were eerily quiet and the Hang Seng Index at 383 was singly low. Brokers were lay-MI 10 GILE ing off employees and pondering hether they could afford to pay their office rent.

A slight lift came in March when the financial secretary, Philip Haddon-Cave, revealed the government NTERNAL would have a surplus of \$260.8 milion rather than the slight deficit he had forecast. His budget called for nearly balanced books for the fiscal year ending March 31, 1979. He offered some tax reliefs, including oui imiauni stamp duty on share transactions. and added only a vaguely worded. hophole-closing tax on offshore

#### Not Justified

As first company results surfaced in the sprine, analysts suspected their New Year's pessimism was not justified. In May, the shares market reacted to bullish annual reports and better trade figures. Suddenly in mid-May, the stock

exchanges became frenzied. The Hang Seng Index went over 500 and continued to climb, passing 500 by early August. This reversal from a dismal low to a five-year high stunned brokers who had to deth around to rehire laid-off

Gold, too, began to zoom on the Chinese Gold & Silver Exchange. the uniquely oriental market that subformly insists on quoting prices m Chinese taels (1.2 ounces) rather than fine ounces. Hong Kong, now the third leg of a global 24-hour trading circuit, helped send gold over \$200 last month.

Mr. Haddon-Cave had modestly heart of the colony's economic life to rise only 5 percent during the current fiscal year. Re-exports (normight do a bit better, perhaps 8 percent imports would continue to use by 6 percent. maily about a fifth of total exports) ise by 6 percent. Such figures are

tary's estimates were being used for doodling paper. Figures for the first calendar half showed domestic exports were double Mr. Haddon-Cave's estimate, up 10.7 percent. Re-exports were up a startling 28.6 percent, thanks largely to sharp in-creases in China traffic. Imports, too, were way over estimate, at 20.5 percent. Total trade was \$11.1 billion, compared with 1977's first-half volume of \$9.4 billion. Clearly, Mr. Haddon-Cave's esti-

mate of a modest growth of 9 percent in Hong Kong's gross domes-tic product had been too low. By August, private analysts were sug-gesting at least an 11-percent GDP growth, nearly as good as last year and a far cry above the 1971-76 average of 8.6 percent. A GDP of \$10.4 billion is pretty good for this small city-colony of 4.5 million

#### Causes of Error

How, the analysts began askin themselves, could we have been in

The answers appear obvious, at least in part. While textiles were under protectionist pressure, shifts in fashion from jeans meant dual changes. First, the industry was able to upgrade its product into higher fashion — and therefore higher prices. Second, new fashion swings offered opportunities in non-sensitive quota areas. The industry discovered "mass fashion" trends in major markets, particular-ly the United States, and switched to such materials as trendy corduroy and away from jeans and T-

Other industries came on strong. Watches, plastic household goods, electric and electronic products and even artificial flowers made sub-stantive gains. Digital watches alone lifted the colony's growing watch industry 60 percent in the first five months of the year. Only radios and toys seemed to evade the upturn.

Hong Kong's versatile corpora-tions had hedged their bets, slowing inventories and trimming employees through much of 1977, anticipating bad news. With brighter prospects, most reported surprisingly good results for last year and forecast respectable dividends.

By mid-May, investors began to sense that shares were very undersold on the market, especially blue (Continued on Page 4)



## INTERNATIONAL

PARIS, SEPTEMBER, 1978

## Focus on Hong Kong

## Changing Roles in the East and West

By Harold Ellithorpe

HONG KONG (IHT) - A Eu-In ropean diplomat recently quipped that "Hong Kong is a Chi-nese colony, not a British colony." Even the government now prefers to ignore its colonial appellation and has ordered its information services to avoid the word "colony" in talking about Britain's last pos-session in the Far East. The designation of colonial secretary, second-ranking official to the governor, has been switched to chief

which here always means the People's Republic of China with the Nationalist regime simply called Taiwan - has its own way of looking at Hong Kong. Pe-king refers to it as "Chinese territory temporarily under the administration of the British."

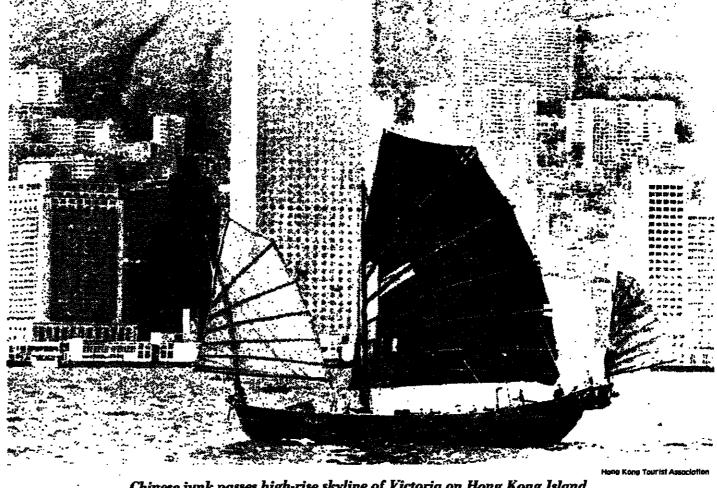
Relations between the colony of 4.5 million people and its giant neighbor of 900 million "have never been more cordial," to quote at least a half dozen British officials who have made the observation this year. Hong Kong has come a long way since it appeared to be the battleground of global ideologies during the riots of 1967. The riots poured the excesses of Mao's cultural revolution into Hong Kong's streets. The Communist effort flopped miserably but convinced the British that they had better mind the store more carefully.

#### Realpolitik

The result was a phen Under Gov. Sir Murray MacLehose, appointed in 1971, the colony began to stand up to its enormous social responsibilities.

Long-range plans were developed every field: public housing, education social welfare anti-comp-

When China entered the United Nations in 1972 and former President Richard Nixon established detente with Peking in his historic trip, the impact on Hong Kong was unexpected. Instead of cringing in fear that China might decide to end



Chinese junk passes high-rise skyline of Victoria on Hong Kong Island.

government reorganization, residents of Hong Kong swelled expansion and industrialization with pride that their motherland had rejoined the community of nations.

Although most of Hong Kong's Chinese are refugees from the motherland, they no longer felt it necessary to be patently anti-Peking while in Hong Kong. China discovered that this capitalist doorbe a distinct help in a new policy of detente even though it was a classic making. example of detestable laissez-faire

capitalism. A chance to prove its friendliness came in 1973 with the oil embargo. China shipped in boatloads of diesel fuel and other petroleum products. A water shortage the next year brought offers to increase supplies from the mainland, A new

kind of collaboration was in the be inside the Communist fold. Both

Britain no longer feels it is carrying either the torch of empire nor the lamp of freedom by maintaining the colony. (Indeed, many Brit-ish officials privately wonder why Hong Kong still remains in the imperial domain.) Peking has decided that Hong Kong is far more useful as a free port than it would

admit that China could end the situation "with a phone call."

So Sir Murray continues to rule by royal letters patent, aided by a 14-member Executive Council and a Legislative Council of 37 containing both official and unofficial members.

The impression that Peking is

### Surge in Imports Causes First Trade Deficit

opened in direct competition with cupy prime space in a new water-

slower export growth is producing a potentially dangerous trade deficit for Hong Kong. The deficit reached \$1 billion on a total volume of \$11 billion during the first six months of this year, twice the rate of previous years.

Hong Kong normally has a visible trade deficit of approximately \$1 billion a year or about 5 percent of its total trade volume, with invisibles (banking, insurance and tour-ism) more than picking up the shortfall. This year the deficit is nearly 10 percent of the visible

Analysts blamed a slippage in the value of the Hong Kong dollar on this unprecedented deficit. The colony's currency fell even against the U.S dollar last month by a few points and against a trade-weighted package of currencies by more than 12 percent. Especially sharp drops were noted against the Japanese yen, British pound and German mark, all major trading currencies.

Trade officials believe that the

strong upsurge in imports that started last year and continued this spring has already begun to level off. One substantial area of high imports has been construction equipment needed by the Mass Transit Railway project. That demand has now peaked althoughsteady requirements will be evident in structural steel, cement and other building materials for at least the next three years.

Other import surges have been in such products as diamonds and watch components, reflecting the growth of Hong Kong as a jewelry and watch center.

#### Worried

What worries economists is a growth in consumer imports. Imports of apparel and clothing accessories were up 41 percent in the first six months of this year. Food

imports gained 10 percent.

We are becoming a consumer society," noted a banker. Total imports rose 20.5 percent

HONG KONG (IHT) — A during the first half compared to a boost of 14.8 percent in total in imports combined with slightly exports. William Dorward, acting director of the Trade, Industry and Customs Department, said he expected domestic exports to build during the last two quarters, espe-

 $H^{\text{ONG KONG (IHT)}} - On$  Tsing Yi Island, on the west-

ern edge of Hong Kong's Victoria

Harbor, three intriguing new indus-trial projects are underway. All

three are part of a new offensive by China not only to tolerate this Brit-

ish colony on its coast but also to

build it into a major appendage of a growing South China industrial

At a cost of \$20 million, a ma-

chine tool plant is being erected to

manufacture items for use in China

and for sale in other countries. Nearby is another \$20-million

project, a ship repair yard that will rebuild and refurbish Chinese mer-

chant vessels. A major oil pier and

storage area on the island will com-

plement a smaller tank farm built

ast year near the Kowloon-Canton

Railway. The two oil depots are key installations in a five-year-old Chi-

nese push that has gained 15 to 35

percent of the local market for

diesel, fuel oil, jet fuel, bunkering

The Tsing Yi Island projects sit

This Section

This special report was pre-

pared and written by Harold El-lithorpe with Richard Hughes.

Saul Lockhart, June Shaplen,

Kevin Sinclair and Harvey

The Hong Kong dollar has a current value of \$4.66 to one

U.S. dollar. References are in

U.S. dollars unless otherwise

Stockwin.

fuel, kerosene and associated prod-

half of Hong Kong's exports. Textile and garment factories employ 45 percent of all manufacturing labor. This vital sector has been hit

near two other symbols of Hong

Kong's new industrial image — a polystyrene plant built by Dow Chemical at a cost of \$32 million

and an American plant making out-

Strictly speaking, the China proj-

ects are not counted as foreign in-

vestment because the funds come

from Hong Kong businessmen

through companies registered in Hong Kong. Yet the installations would not be possible without as-

A good example is the Far East Overseas Oil Company (Feoso). When the oil embargo hit Hong Kong in late 1973, China immedi-

ately dispatched small boats with diesel and fuel oil to "help our compatriots in Hong Kong." That soon led to a major endeavor by

Feoso to capture a good share of

The strategy has worked, Feoso

well as marine fuel boats and

Peking and Canton officials have

assured husinessmen that China is

anxious for more such ventures in

cooperation with overseas Chinese

entrepreneurs. Ventures could in-

clude new plants using Chinese raw

materials with payment being made

in part of the production. Special

export-processing zones may be es-

tablished in neighboring Kwang-tung Province, built by foreign money but utilizing Chinese labor

The range of China investment

in Hong Kong is broad. In recent

months, a number of medium-sized

buildings have been purchased.

This summer, a large new China

Products Co. department store was

now operates retail service stations

other distribution outlets.

the market.

and materials.

surances of support from China.

board marine engines.

cially in the fundamental textiles and garments industries. The five-year pact with the EuropeTextiles normally account for an Economic Community that was

two stores operated by Japanese

The major coordinator of invest-

ments and commerce is the China

Resources Co., located in the Bank

of China. In June, the company an-

tion reduces flexibility in meeting fashion changes. The U.S. textile agreement was far more generous, allowing a

and severely limits future growth.

An expanded system of categoriza-China Diversifies Its Investments

> a dozen smaller Communist-controlled banks in the colony, provides loan funds and guarantees to front companies. China's investments dovetail

front skyscraper now under con-struction. The bank, together with

Wang Kwang obviously takes his orders direct from Peking and not. as his predecessors often did, from knows, top officials of the 200-man Hsinhua News Agency bureau are the unofficial representatives of China in Hong Kong, aided by officers of the Bank of China, managers of China Resources Company, which guides Chinese business in the colony, and leaders of the Hong Kong Federation of Trade Unions. the Communist-controlled labor

has been erected. Over lunch, a

British official may mention that

such-and-such a policy is being considered. His Chinese guest or

host will remark that the statement

is interesting, but perhaps one should consider such-and-such sensitive points. The word has been passed, reactions noted and under-

Before the 1972 psychological changes, China's ambassador to London had once casually men-

tioned the prospect of appointing a Chinese official to the colony. The

British diplomatically ignored the suggestion, a clear expression of displeasure at the very idea of a "second governor." It has not been

broached again.

Last month, China made a sig-

nificant move. It named a senior

cadre as the chief of the Hsinhua

News Agency office in Hong Kong.

#### **Plans**

Peking apparently has plans for Hong Kong. Not only is the colon China's second most important trading partner, it is a political doorway to Southeast Asia and the non-Communist world. Through the intricate relations of the 20 million overseas Chinese throughout Asia who are tied to Hong Kong through numerous family and business connections, the colony serves as a vital political bridgehead. The most important target of that bridging effort is Taiwan, which Peking feels must be convinced to reion the motherland eventually.

For the British, the important date is 1997. That is when the 99year lease concluded between Britain and Imperial China in 1898 ends. Hong Kong Island was originally acquired in perpetuity follow-ing the Opium Wars and a further slice of the tip of Kowloon Penin-sula and a few small harbor islands added in 1860. But the bulk of the land and the outlying islands came in the New Territories lease. Without that leased land, the colony is unviable as an entity. In trips to China last year, local

businessmen were assured by Peking officials that nothing was being contemplated to change the status of Hong Kong. The Chinese made no mention of the lease date. leading to perhaps unjustified optimism that somehow 1997 might pass without any action being tak-en. After all, China considers Hong Kong, like the disputed Siberia bor-der, a result of "unequal treaties forced on a weak China by imperialist powers," and does not feel bound by treaties and leases.

For the next 19 years, Britain will continue to rule. But ruling un-(Continued on Page 8)

agreement. "Fifty" had merely

been suggested to neighboring

Kwangtung Province authorities as

the number the British colony be-

lieved it could reasonably absorb.

The Chinese seemed to take the

Alarm

But with daily crossings reaching 600-plus in 1973, Whitehall called

in the Chinese ambassador to ex-

#### nounced it was outgrowing its quarters in the bank and would oc-(Continued on Page 4) Flow of Refugees Increases

HONG KONG (IHT) — As if a valve had been turned on somewhere in China, suddenly

The order was issued after a there has been an increased flow of refugees into Hong Kong this year. Thousands cross the Lown border bridge clutching legal exit visas, but hundreds dare the sharks and tides of Mirs and Deep bays for a dangerous "freedom swim" to Hong

During the first six months of this year, 23,500 legal immigrants passed into the British colony, nearly doubling the rate for the last year. An estimated 3,600 swimmers have sneaked into the colony, with more than one-third being nabbed by police in the attempt and sent back to their homeland. (Authorities generally assume that they catch about a third of the swimmers. But, for every one caught, by some estimates, as many as six get past the police.)

Perhaps no act of the Hong Kong government has so riled the sensitivities of liberals — especially British liberals - than the force-China. Derek Davis, editor of the was being violated. prestigious Far Eastern Economic

flood of legal immigrants began appearing at Lown bridge with duly stamped Chinese exit visas in 1972-73. As the 1897 lease on the New Territories specifies free access for Chinese into Hong Kong, the government is powerless to halt legal border crossings. Occasional large numbers of genuine refugees crossed the border after 1949 (especially during the famines of 1960-61), but until 1972 China permitted only a trickle of legal leavers. That year, the numbers suddenly sky-rocketed to nearly 10 times the previous level. More than 20,000 gained exit visas compared to the mere 2.500 the year before.

In 1973, the stream became a torrent. Chinese officials implemented an order from Chairman Mao Tsetung to allow overseas Chinese and others with good reasons to do so. to leave. Hong Kong protested that a gentlemen's agreement made in the mid-1960s to permit only 50 able return of freedom swimmers to refugees per day across the border

Actually, there was no formal

press alarm. Details of what occurred have never been fully made public. "Peking fully understands our situation and point of view," a spokesman said at the time.

In what appeared to be a new and perhaps odious gentlemen's agreement. China reduced the legal immigration flow to about 100 per day, and Hong Kong police were ordered to send back freedom swimmers caught in the act - with a proviso that if they made it into the urban areas without detection they would not be hunted down. This "run the gauntlet" approach salved the British sense of decency

somewhat. The government denies (Continued on Page 8)



## Colony Expected to Remain Banking Center Despite New Tax

HONG KONG (IHT) — Finan-cial Secretary Philip Haddon-Cave is determined to push efforts to close a loophole that has allowed banks in Hong Kong to escape the colony's 17-percent profits tax on offshore loan earnings. Coming at a time when banking profit margins are narrow, the move could disturb the growth of Hong Kong as a fi-

Chase Manhattan Bank, for one, revealed last month that it had begun booking syndicated offshore loans through Bahrain, pending study of the impact of the tax legis-lation. Other foreign banks were similarly cautious

As American banks handle up to half of an estimated \$21 billion in syndicated loans in the Asia-Pacific region (Chase alone claims to manage or co-manage 29 percent), the taxation proposal may cost the colony a significant amount of inter-national banking business.

#### 'Why?'

We can have our loans signed anywhere, said one banker, "so why should we put them where we

Government revenue from the new measure would amount to about \$30 million for this year and only \$17 million a year thereafter, not a material item in the budget.

Most bankers, however, doubt that the tax will seriously impair Hong Kong's utility as a financial variety and levels of services available in the colony has been phenomenal. More than 200 merchant banking offices (deposit-taking firms called "finance companies" here) offer syndications. There are 76 commercial banks, and another 16 foreign banks have been approved under new rules issued last spring, breaking a 12-year freeze on

#### Risky Loans

The decision to allow more banks to operate is in part an effort to put more backing behind the merchant operations. Many of the finance companies are lowly capitalized offshoots of foreign banks that have been scrambling for what more conservative bankers feel are

you both.

risky loans. Lacking full backing from their home offices, these companies could someday prove

As branches of their home bank. however, the Hong Kong offices would be assured full home-office support. Newly licensed banks are restricted to a single office, and least HK\$3 billion (U.S.\$638 million) in assets. Stiffer regulations have been formulated to control finance companies remaining outside the licensed sector.

A few cynics saw the breaking of the freeze on new bank licenses as paving the way for the colony's big-gest institution, the Hongkong and Shanghai Banking Corp., to buy Marine Midland Bank, of New York, in what is one of the most startling acquisitions in years. With combined assets of more than \$29 billion, the two banks will become a major force in the New York money center. The purchase, if approved by Marine Midland stockholders and U.S. regulatory agencies, will put Hong Kong on the map as a major world banking cen-

#### Deaf Ear

Hongkong and Shanghai Bank, along with the Chartered Bank, also issues much of the private script that is Hong Kong's currency and acts as an unofficial central bank. The World Bank and, this past summer, the retiring banking commissioner, Anthony Ockenden, have urged the Hong Kong government to consider creating its own central bank. Hongkong and Shanghai Bank, said Mr. Ockenden, "could find that its greater interests outside Hong Kong might not permit a commitment to Hong Kong's monetary management to the same extent as in the past."

Thus far, the government has

You want to hold your next meeting somewhere

As a meeting destination, Hong Kong will give

You couldn't be more in the Orient when you

come to Hong Kong and Hong Kong is the business centre of South East Asia; professional and efficient,

stimulating and different, but you want it to run

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facilities and equipment are as up-to-

date as you'll find anywhere. Customs formalities are minimal and speedy,

on things you bring in, and take away.

turned a deaf ear to such pleas. While able to intervene in currency matters, it prefers to allow private

rules...breaking a 12-year freeze on new bank licenses.

the government accounts in hard currency for all such issues). Inter-

Expansion of the variety and levels of services available in the colony has been

phenomenal. More than 200 merchant banking offices...offer syndications. There are

76 commercial banks, and another 16 foreign banks have been approved under new

represents all licensed banks. Prime rates were boosted twice est rates are set through the Ex- this year, in April and July, bring-

For a time last winter, prime rates were actually lower than inter-bank

The government actively en-

There is talk now of opening a

rate notes.

currency exchange for forward trading, a move that would help the Hong Kong business community. While some syndicated loans may move to tax-free havens. Hong

two years, Hong Kong has opened

a commodities exchange for cotton

and sugar and a silver exchange to

add to globally important gold trading on the Chinese Gold & Sil-

ver Exchange and has introduced

certificates of deposit and floating

Among the 16 new banks author-Among the 10 new panes author, ized are some of the world's largest including Morgan Guaranty, Man, ufacturers Hanover, Commerzbank and Credit Lyonnais. All five of the big London gold bullion brokes now have active branches in Hong. Kong. And such Wall Street brait kers as Shearson Hayden Stone and Salomon Brothers have joined Meprill Lynch and W.I. Carr bere.

A secondary market is being into A secondary manager idly developed to handle floating rate notes, certificates of deposition of the secondary names. and commercial paper.

### Four Stock Exchanges Drawing Investors

HONG KONG (IHT) — In March 1973, a dizzying euphoria engulfed the four stock with the very real growth in Hong exchanges here as the Hang Seng Index of top stocks punched through the 1,700 level. Banks incautiously loaned millions on slim margins to amahs, office clerks and anybody who wanted to take a ride.

Hong Kong market collapsed with a classic, painful smashing of small investors. The index lost more than 1,000 points in a few months. Only the wily got out in time -- and many who thought they were smart found themselves unable to meet margin calls.

Memories of that disaster left investors here numb for five years. Even after the recession recovery of 1975-76, the four exchanges that handle the colony's share business remained ominously quiet. Brokers were forced to reduce their staffs and cut overheads. The once-glorious market managed only 383 on the Hang Seng Index by the first of this tree. this year.

#### Confidence

Confidence began returning in March. Suddenly in mid-May, investors began to return in force. By early June, the 500 barrier had been pierced and in early August, the market surpassed the 600 mark. Top analysts point out that the rising index cannot be considered mere speculative fevor. Ronald Li, chairman of the Far East Exchange, said, "If the stock market is to be any indication of our economy, the index should be

Hong Kong is served by over 30 major airlines,

scheduled and charter. You'll find that the cost of

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Kong's economy, and the present surge was a justified return to prop-

vals of a few days, apparently test-ing the solidity of the climb. By mid-August, the trend

ed secure. Volume lept from \$30-\$40 million a day to more than

present boom, investors played \$65 million as foreign investors becautiously, taking profits at intergan to flock in along with smaller

Blue chips attracted much of the activity, adding 10-20 percent over the summer months. The big stars,

\$65 million as foreign investors began to flock in along with smaller Hong Kong buyers.

nies such as Cheong Kong, New World Development and Sun Hung Kai Property. Brokers said much of

Hong Kong Commodities Exchange, which has opened mar-

kets in sugar and cotton futures, suggested that it would open trad-ing this winter for currencies. With-

in hours, the Chinese exchange an-

nounced that it, too, might open a

market for forward currency trad-ing noting that money, after all, was its original business. The gov-

ernment will have to decide who

This year, the Chinese instinct for gambling on glitter value led

many investors to speculate on dia-

monds, which accounted for most

gets the nod.

buy shares in the more stable bin

Funds from Europe (especially London) and from Southeast Asia London) and from Southeast Asia joined what many brokers had long considered a very undersold mar-

One factor that could fuel the ris ing index is that bank deposit rates JONG KONG (1111) have not been high. Many companies have become highly bound at result of trimming their inventible and commitments because of world. currency disorders and shopile at most important trade. Company treasuries are now climbing on the stock upsurger which promises to out-pace influence that the stock upsurger to faithful of the stock upsurger which promises to out-pace influence that the stock upsurger will be found that the stock upsurger will be found to the stock upsurger will be stocked to the stock upsurger will be stocked to the stock upsurger will be stocked to the st

chasing too few shares," remarked the broker. That can send stocks all them know the high too face? too high too fast." For the first time in half a dee maches in Castle

ade, companies are dusting off old programs for new issues, a sign that the investors may finally be settled to unvestors may finally be settled to unvestors of the investors o over their 1973 jitters.

Conservatives are predicting an index of 750 by year's end. But the most dour pessionists agree One broker, happily re-hining floor men and share clerks, declared. This market is here for at least seemed again tectiles could months, months, maybe more. If there's probe a crunch, don't look for it is a greater or tection. next spring."

By late summer, the blue chart and large with the large and property issues had not such along the general list of less attract tive stocks, causing observers of the market to note that perhaps some time of export. . . . thing had been learned from 1973, and clothing tower

### **World Gold Price Starts Day Here**

HONG KONG (IHT) —
Tucked on a small back street in Hong Kong's western district is a unique institution, the ese Gold & Silver Exchange Society. Every morning, floor dealers representing the society's 195 broker-members set the opening world price for gold. As the price of gold went over \$200 an ounce this summer, up to a million ounces a day were traded with a secrecy that frustrates statistics-minded international brokers. In existence for nearly seven dec-

ades, the Chinese Gold & Silver Exchange was originally a collection of small bankers and money changers operating in the old Chi-nese business district. After World War II and the currency stability that went with the Bretton Woods Agreement, the exchange switched to gold trading, servicing the colony's large jewelry industry — and, some say, feeding smugglers throughout Asia.

Being exclusively Chinese, the exchange trades in 99-percent pure gold bars of five taels (approxi-

fine ounce of higher (99.9] quality. Gold shipped into Hong Kong must actually be degraded to meet the exchange's standard. Five-tael bars are assayed by a scratch comparison test using a piece of Chinese gray slate. Once chopped with the exchange's mark, the bars are accepted by all members.

#### Trading Day

It was a government decision in 1974 to remove gold from all import and export controls that suddenly gave the Chinese exchange an important role in world trade. In the four years since that decision, Hong Kong has become a vital link in a 24-hour global trading day, filling the hours between the close of the New York and Chicago markets and the opening of the London and Zurich markets.

American commodities dealers and the Big Five bullion houses of London have found it necessary to open Hong Kong offices. Although not allowed membership as brokers mately six ounces) weight London, on the stubbornly Chinese

international price quotation based on daily trading on the Hong Kong market. Brokers often find they can arbitrage between the world mar-kets. The Chinese exchange even stays open a half-day on Saturday, giving world investors a chance to hedge their weekend bets.

The exchange opened trading

this summer in another commodity, silver. While the word silver is in the society's name, it had never traded the metal, the society name coming from the Cantonese kam ngan, literally gold and silver but Hong Kong's Chinese merchants

are experienced — and cautious risk takers, and gold trading suits their temperament and penchant for discreet operations. Brokers representing Taiwan interests rub shoulders with Communist bank dealers. Overseas Chinese from throughout Southeast Asia have their dealers on the floor. Photographs are not allowed, records of transactions not revealed and settlement is by physical delivery

of the 65 percent surge in imports of precious stones — \$386 million worth. Re-exports shot up 53 per-cent but totaled only \$181 million. The remaining glitter stayed in Hong Kong.

The diamond boom may have ebbed; but there is a rumor that platinum might make a suitable trading market

The INDOSUEZ Network

Exports of the state polatonik 32 a per . . Table experts and 1-3 1-3 Downward Trea

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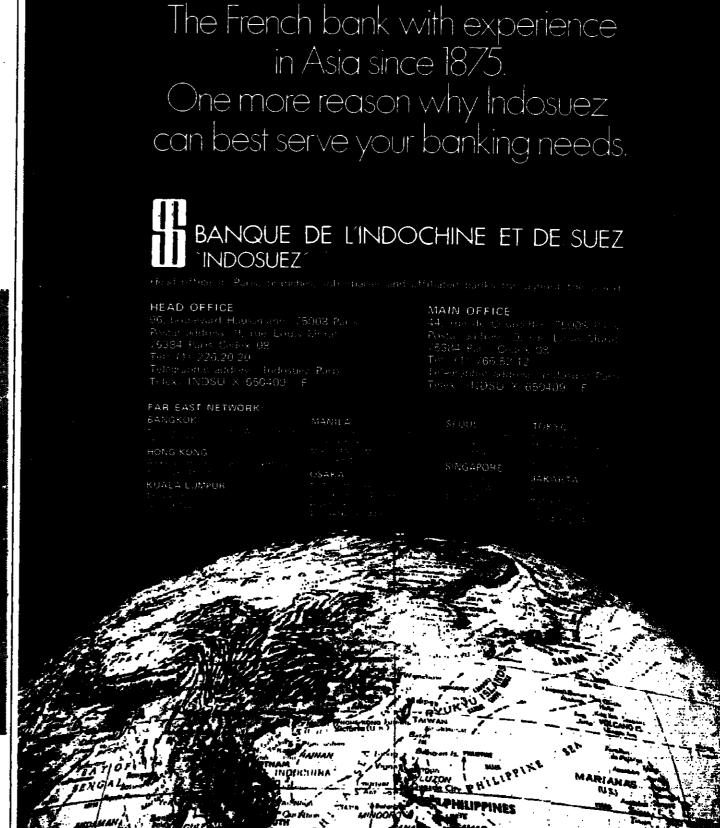
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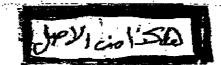
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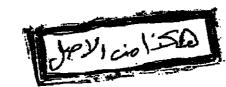
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## 'I Only Plough...the Harvest Will Take Care of Itself'

If ONG KONG (IHT) — Last extremely bad for the whole world year's textile agreements revealed the vulnerability of Hong extremely bad for the whole world if it comes to a stage where everyone will find it difficult to sell their one will be a stage where everyone Kong's economy to protectionism. In an interview with Harold Ellithorpe for the International Herald Tribune, T. K. Ann, chairman of the Hong Kong Trade Develop-ment Council, discussed some of the problems in finding new outlets for its basic products and developing new industries. Mr. Ann, who is also chairman of the Windsor Industrial Corp. Ltd. and a member of the Legislative Council, is serving on the top-level government-industry committee on diversificarion whose findings are expected in establish a colony program for he coming decade

Mr. Ellithorpe - How serious is the protectionist sentiment now?

Mr. Ann - It sems to me it is suil developing because protectionism is tied up with votes for politi-cians in many countries. It will be textiles. Textiles are commodities

products. Looked at in another way, protectionism protects the weakest, I mean the most ineffi-

Q - How severe were the restrictions placed on Hong Kong textile imports by the European Economic Community last year?

A — Well, according to their side, it was not bad at all. They say they gave us a figure equal to what we had in 1976 (a high export year). or maybe a little less in some cate ies. In the future we are allowed develop. Our growth rate will remain at a very low level. That's why we have to go for diversification of our industry. Also it was bad for us because they imposed more com-partments within the categories of less freedom to meet fashion

Q - The Trade Development Council and other business groups have been sending out numerous delegations to try to attract more foreign investment in Hong Kong. Have these efforts been successful?

A - We have been attracting a number of investors, but I must admit that the results have not been up to our expectations.

Q - Why is that?

 ! think the general investment climate worldwide is not so good. It's not just Hong Kong, but everywhere. The so-called inflationary psychology is not over yet. I mean, inflation partly inflamed by psychology. People are expecting

Q — Hong Kong delegations have gone to Eastern Europe and the Middle East looking for new markets. Has the search for new markets for Hong Kong's tradition-al exports proved fruitful?

A - There are lots of businessmen who want to join these trips. Right now we are organizing two to three trips a year. But the populations of these countries are small and purchasing power low. In con-sumer goods industries we need large populations. So we are more successful in France, in Japan. We penetrated very quickly into the United States and Germany. We must be careful, We do not want to move too quickly into new markets. That makes people unhappy, but we are making progress in market diversification.

Q - What about Southeast Asi-

Hong Kong's conceivable ability to diversify within, or away from, the

manufacture of textiles and cloth-

ing. Providing that fear is not real-

ized, a more streamlined textile in-

dustry upon which Hong Kong it-self is less dependent will emerge

from the current dilemma as facto-

ries install automated machinery.

A — Many Southeast Asian nations are still inward-looking. We are trying to organize more out-ward-looking ventures with member countries of the Association of Southeast Asian Nations (Asean). I think when everybody is more outward-looking and less concerned with building domestic protectionist walls, we can have more opportunities for trade. You must co er that these people (of Southeast Asia) have little purchasing power. They can only buy cheap goods at

Q - Is shortage of land one of Hong Kong's problems in attracting new industries?

A — Yes, land at reasonable prices. After all, Hong Kong is a very compact place. Land is much cheaper in neighboring countries.

· Q — How can that problem be

A - I myself think there are advantages in compactness. For example, people here in Hong Kong are more sensitive to overseas changes. They are better informed and react faster in making business decisions. I personally believe that, in this sense, we are at an advantage. For example, look at the fur business. We don't produce the furs, we have to import them. But today we have a basic number of workers in this field and they are prospering.

Q — There is much talk of Hong Kong trying to create heavier industries, such as the new ship-re-pair yards and metal-working plants.

A — Heavy industries cannot be our main concern, because land for them is so expensive and space so limited. I think we are strong in textiles, garments, plastics, elec-tronics and toys. In these indus-trics, we are well placed and there can be a great deal of diversification within them.

Q - How is that?

A - Take garments. We have to trade up more in fashion. As a fashion center we are more advantageously placed than other competi-tors. Fashion often is not a direct sell. Very often it goes together with accessories, including shoes and handbags. We can bring in all sorts of raw materials to go with

Q — Can Hong Kong become a esign center as well as a mass-production factory?

A — Yes. In our toy sector, for example, we are becoming very design conscious. Other countries won't produce moulds because they are too expensive. Our toy makers will produce moulds immediately. Recently an overseas buyer asked one of our plants to make a doll that would tan when exposed to the sun and turn light when brought inside. He didn't tell us how to do it. We have to figure that out our-

Q — You see diversification as different than merely seeking new types of industries?

A - Definitely. In our basic tion treatment. Apart from such

T. K. Ann

industries, we are positioned quite well. That is in textiles and garments, electronics, plastics and toys. There are two directions: diversification of products and diversification of markets. Often in trying to find new markets for ex-isting commodities, we discover demand for new items.

Q — China appears to be moving quite rapidly into the export of textiles and other items. Will it be Hong Kong's great competitor in the future?

A — China needs a lot of textiles for its own very huge population. I think their exports may be limited, to America, for instance, because they do not have most-favored-na-

problems, they have only recently opened up. They have a lot to learn. They will always have state trading corporations which are not as flexible in meeting foreign needs.

Q - There is much talk of China seeking joint ventures here, in cooperation with overseas Chinese

A -- Yes, there are some joint ventures with Hong Kong people. These are more or less for export

Q — How do Hong Kong people feel about the end of the lease for part of Hong Kong with China in 1997?

A - Nineteen years is a long time. Any country can undergo changes in that time, even in 10 vears, I think the Hong Kong people are adopting the attitude of Martin Luther, "though beaven may fall tomorrow. I will eatch it today," I would rather quote a sav-ing in Chinese: "I only plough, I don't care about the harvest. The harvest will take care of itself."

Q - Will the revaluation of the ven against the U.S. dollar hurt Hong Kong's basic industries, such as textiles and plastics? After all, you do buy large quantities of raw plastics and synthetic libers from

A — That's very hard to say. Until now. Hong Kong has not suffered. We were doing all right when the yen was about 240, but now that it's hit 180-190, the Japanese will have to raise their prices. Then we shall have to face the problems

### Textiles Most Important Industry

By Harvey Stockwin

HONG KONG (IHT) — Hong Kong's textile and garments industry is, and will remain, the colony's most important manufacming sector and the world's leading clothing exporter for the foreseeable future. But the relative importance of textiles seems certain to decline as Hong Kong's exports (eel sharper protectionist squeezes—and as Hong Kong's resourceful restrictiveness in textile free trade.

Hong Kong statistics show that during the first quarter of this year, 356,000 workers, or 46.5 percent of those employed in manufacturing, were working in textile or clothing factories. This represented a drop of 13,000 on the first quarter of 1977 when the percentage employed in textiles (and clothing) was nearly 49 percent. As for most other indices, the drop has been rel-atively greater in textiles than in dothing 1977 was, in any case, a year of diminished performance compared to 1976 and to earlier

In terms of exports, in 1977 fabrics and clothing together were worth more than double the total exports of the next three most important export lines - toys and dolls, radios, and watches and clocks. Exports of these three items stood at only 32.6 percent of overall textile exports in 1974. By 1977 they had increased to 42 percent.

#### **Downward Trend**

The downward trend in the textile statistics that matter most to Hong Kong has been sustained in the first few months of 1978, although if re-exports and Hong Kong's sizable imports are calculat-ed together, growth continues. But the key factor here remains that, while Hong Kong itself remains a free and competitive market, the world as a whole is not.

As Hong Kong sees it the main



Textile workers.

increasingly sharp restraints, mainly quotas, placed upon Hong Kong's market penetration of the developed countries. Restrictions are nothing new to Hong Kong's textile exporters. They have lived with them ever since the industry grew and boomed after World War II. But the latest bout of protectionism, particularly the quotas imposed by the European Economic Community in late 1977 for the next five years, are regarded with some bitterness. It is not only that the constraints on Hong Kong growth patterns are more severe—
it is feared that the EEC quotas will be used as a precedent by others. Comparative statistics produced

by the United Nations Conference of increasing protectionism. On Trade and Development illustrate Hong Kong's importance in the international textile trade, as well as a reason for the EEC cutbacks. In 1976, Hong Kong ranked behind only South Korea and India as a supplier of textiles to developed countries. As a garment exporter, Hong Kong was way ahead of every other country, ex-porting \$2.7 billion worth as com-pared to South Korea's \$1.6 billion. Of this total, \$1.2 billion of Hong Kong's output went to EEC countries, accounting for 44 percent of EEC imports and representing a

growth of 24 percent over 1975. The new five-year quotas make such growth rates impossible in the future. So far, Hong Kong finds the United States less restrictive than the EEC. There are fears that the rising yen may force Japan towards greater protection for its textile industry. Canada and Australia have already put on restrictions.

#### Too Many Eggs

In a sense, protectionism forces Hong Kong to recognize the obvious. It has put too many eggs in the textile basket. The colony's rising wage and

cost structure was bound to affect its competitive position in any case. In the sense that most quotas are bilateral rather than global, they even afford Hong Kong some pro-tection from newly emerging, low-er-cost exporters. Since the EEC has been keen to give poorer developing countries quotes in advance of their capacity, Hong Kong can take advantage by investing plant and expertise in these countries, as it may be doing in Sri Lanka. Addi-tionally, Hong Kong can continue what it has always done — look for more markets on a worldwide basis and seek to move up-market in the quality of its clothing exports to developed countries.

So the outlook is not wholly bleak even though Hong Kong's overall economic growth rates seem certain to be less than they other-

### Robert Nuesch said he put on his Hermes tie just for us. Just for him, we're running this advertisement in Furane

Mr. Nuesch, Managing Director of Hermes, Paris, was in Hong Kong just long enough for us to ask him how he felt about travelling in Asia-on Cathay Pacific, of course.

"Between 1967 and 1972, when I lived in the Orient, not a month went by that I didn't fly on Cathay Pacific. And, of course, now that I live in Switzerland, whenever I'm in Asia-which is frequently-I still fly Cathay.

"The frequency of flights is a tremendous help-especially for someone like me who's always on a tight schedule.

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other people, was stranded at the airport. Well, the ground hostesses were absolutely marvellous in answering all the questions they were asked by worried passengers. Those girls were truly helpful."

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Hong Kong's discovery airline

### Imports Cause a Trade Deficit

(Continued from Page 1) have all applied sharp protectionist

measures in the past year.

Nonetheless, there is some room for optimism. Thanks to an increase in demand from the American and West German markets, trade in clothing showed an enthe first half of the year and is experied to do even better in the last half. Changing fashions have reduced somewhat the demand for such items as knitted shirts and denim jeans.

#### Decline

The cutback in cloth fabrics and Arms shipments, however, is sticus, declining 2 percent during the first half. Some Hong Kong planers and weavers have decided to half production and half production and half production and half production are half better. b halt production and make better set of their property for other ventures. One of the colony's largest somers laid off 1,000 workers in inly, the first large cutback.

Many textile mills acquired too much assume to mass produce

anch equipment to mass-produce for the denim craze of 1975-76 and at now ill-equipped to handle the fally fabrics and cordurous that are become fashionable. Signifiinily. Japan boosted its sales of nathetic fabrics to the colony's ament industry by 14 percent this

Garment factories have proved nore adaptable, "trading up" into hat is now called mass fashion." tong Kong is becoming a fashion tenter with its own designers and a hand response to fashion changes. isian haute countere, Hong Kong can happly the latest fashions to a mass market in advanced consuming tountries better than its less qualied competitors in other developations can — though at higher

Trade diversification is vital. On hat, all leading industry and gov-mment officials agree. Efforts by Trade Development Council Other private groups to find

Eastern Europe and Latin America have proven only minimally suc-"We need large markets," noted

T. K. Ann. a local industrial executive and last year's TDC chairman.

"And that means going to America and Europe. Southeast Asia has the population but not the purchasing

A high-level government-industry committee is reviewing proams aimed at diversifying Hong Kong's industrial mix. The results, expected this winter, may put more support behind overseas trade offices.

One structural change is already evident. Hong Kong is rapidly becoming a watchmaking center. Long a source of bracelets and cases, the industry is now expanding into producing complete watch assemblies, imports of components rose rapidly this year and exports shot up 60 percent.

One industry that looked impressive in recent years was transistorized radios, including citizen's band walkie-talkies. A sharp decline in the American market, however, dropped exports of radios an unset-tling 29 percent during the first half of this year.

Toys also suffered a decline after having made major gains in recent years. Yet plastic flowers, one of the earliest success stories of Hong Kong in the 1950s, are showing a remarkable resurgence.

#### Flexible

Restructuring will take many years. In the meantime, Hong Kong will remain dependent on its small manufacturing plants (more than 15,000 of them), which work in plastics, cloth and electronics.

Trade in general is expected to be up 11 to 12 percent this year, a fair measure of the colony's adaptability in the face of protectionism.

new markets in the Middle East. Flexibility is considered to be perhaps the most important quality to be found in Hong Kong. Switching from plastic flowers to wigs to watches to whatever is needed next by the consuming world requires venturesome management and an adaptable work force, two qualities Hong Kong has shown it possesses.

> Before World War II, Hong Kong was noted primarily as an en-trepot for China trade. It was only after the war and the isolation of the West from China that manufacturing become predominant.

That may now be changing. Re-export trade traffic shot up 29 percent during the first half of this year. Both Japan and China are using the colony as a major

Japan is handling a larger share of its sales to Southeast Asia through Hong Kong, including au-tomobiles and heavy vehicles, electronics and photographic gear and

China opening rapidly to the Western world, ships fabrics, gar-ments, food and machinery through the colony. Chinese shipments to Hong Kong rose by nearly one-quarter to \$980 million be-tween January and June. Much of that went out as re-exports. Chinese goods are now packed in containers at Hong Kong's Kwai Chung terminal for overseas ship-

"We're just seeing the start of China trade now," commented the chairman of the Hutchison Whampos trading house, William Wyllic. That will be the big movement over the next few years.

Entrepot trade now accounts for more than one-fourth of total exports and that proportion is expected to rise steadily. By 1985, re-exports could constitute as much as 40 percent of Hong Kong's total foreign trade.

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### Successful Tourism Ranks Among Colony's Top Industries scheduled airlines (the figure; a).

Mix of Industries Is the Key to Prosperity

By Saul Lockhart

HONG KONG (IHT) — The main aim of tourism here is quite simple. In the words of John H. Pain, executive director of the Hong Kong Tourist Association (HKTA). it is "to maximize revenue. The goal fits perfectly with the colony's no-nonsense. nofrills business climate.

To get visitors to spend more money, Mr. Pain and his marketing staff are devising ways to get them to stay longer. To do this, he has to claim that Hong Kong's image is "more than just shopping" when, in fact, more shopping is just what he wants the visitors to do.

The HKTA has had some success. The average visitor now spends 3.8 nights in Hong Kong, up from 3.2 nights in 1972. Last year, 1.75 million visitors (an inchips and property developers. With the addition of overseas money (much of it from Britain), the market began to rise. Contributing of 12.6 percent over 1976) visited Hong Kong, adding \$866.5 to the share market were overly low million to the colony's coffers, of bank deposit rates that made the which \$484.8 million went into the stock market look quite juicy by 14 shopping categories measured by the HKTA.

Tourism represents about 8 percent of the colony's gross domestic product, far behind the leading industry of textiles but very close behind the second leading industry. electronics. This has been achieved

#### **Hotels**

During peak months, the colony's hotels boast an occupancy rate of more than 90 percent. The HKTA, while eager to get more visitors, in general, is trying to get them to come during the eight "off-season" months, when there are

(Continued from Page 1)

Another Jump

Banks began to shift in April,

half-point in July. Neither rise has imports, both raw materials and

boosting prime rates from a low 4.75 to 5.5 in April and another

with an annual budget for HKTA
of \$5.26 million.

the four cool, dry months (AprilMay and October-November) when
more money. China opened the
most of the visitors do come.

bamboo curtain in January to allow most of the visitors do come.

As of June 30, Hong Kong's 48 hotels (of all classes) offered 13,709 rooms and 25,736 beds. Next year, there will be 51 hotels with 14,675 56 hotels with 17,659 rooms avail-

Hong Kong has received an un-solicited boost in its campaign to

halted the outflow of funds and an-

other jump is anticipated this

autumn. A prime rate of 7 percent is anticipated by next year, accord-

ing to private projections made by such large trading firms as Hutchi-son Whampoa Ltd.

Inflation has been held in

bounds. The consumer price indexes (two are used for better

definition of income-level group-ings) have risen only four and five

points over the past year. Thanks

to dreary economic action else-where in the world, costs of

visitors and foreign residents in Hong Kong to visit it on various

tours, with a minimum of trouble. One can actually apply for the Canton weekend tour early in the week rooms and by 1981, there should be and be in Canton by Saturday noon. Many tourists are now timing their trips to Hong Kong to include a side trip to China. Mr. Pain said that tourism to

main steady, easing the squeeze on Hong Kong manufacturers and builders.

aspect of the Hong Kong economy is its bustling construction activity.

Building of a subway system for

\$2.4 billion is in full fury. Major

bousing programs, road develop-

ments, office and commercial com-

plexes and private apartment con-

struction are all exuberant contrib-

Unemployment is nearly nonex-

istent (about 3 percent of the facto-

utors to the boom.

Perhaps the most encouraging

motions or budgets." Bottleneck

mained modest.

the equation.

China "will naturally benefit Hong Kong's tourist industry." So far, he added, even though there have been "some travel industry groups from Hong Kong visiting China and vice versa, there are no plans for joint China Travel Service-HKTA pro-

Mr. Pain and the HKTA -

ry work force). Thanks to stable and cheap food supplies (largely imported from neighboring China),

living costs have remained within

bounds and wage demands have re-

As the third quarter approached,

The Hong Kong dollar, one of

business analysts were again noting

some disturbing factors entering

the few privately issued scripts re-maining in the world, has slumped

against a basket of 15 trade-weight-

ed currencies, particularly the Japa-nese yen and British pound ster-

bottleneck situation at Hong Kong ed terminal and passenger facilities International Airport, known (by 1979 the system will be capable International Airport, known around the world and locally as Kai Tak Airport. "We will need more airport capacity by the mid-1980s if the tourism industry is to continue expanding," Mr. Pain

In spite of a lengthened runway (to 11,130 feet on an 880-foot wide along with the rest of the colony — strip of reclaimed land jutting into

8 percent against the Hong Kong dollar over the past year. The blame is put on Hong Kong's grow-

U.S. Dollar

Parity with the U.S. dollar had

been roughly maintained — but

that tie was proving a deceiving comfort. As the United States is

Hong Kong's leading export mar-

ket, having rough parity of curren-

cies seems wise. But when raw ma-

terials must largely come from other nations with sharply appreci-

ating currencies, the Hong Kong

manufacturer and exporter finds

petition from supplier nations. However, economists such as Citi-

bank's R.V. Ranjanathan believe

something must give way soon. Higher prices for imported raw ma-

terials must eventually translate

into higher prices for exported fin-

ished goods and perhaps a severe

loss of competitiveness in primary

the golden route to fortune in re-

cent years. When Hong Kong be-

gan to pull out of the 1974 reces-

sion faster than other places in the

world, much of the credit went to a

flurry of new projects such as Hongkong Land Company's \$600-

million restructuring of the core of

the central business district, and

the impact of heavy government

spending on housing, roads, reservoirs and subways.

Domestic capital formation in

buildings and public improvements

can only be sustained in the long term by export earnings. "We export or we die," as the dictum is

usually put. With protectionism a

continuing threat to the basic tex-

tile and garment industries - to

say nothing of the growing compe-tition from less developed nations

diversify.

Property development has been

Thus far, that squeeze has been negligible, thanks to intense com-

himself in a bind.

export markets.

of handling 5,500 people an hour). the countdown for Kai Tak has already begun.

For the tourist industry, this is a very serious matter. Ninety-five percent of visitors to Hong Kong arrive by air, and of the 4.9 million who passed through Kai Tak in 1977, two-thirds were tourists. The airport now handles 28 most doubles when non-s airlines are counted) with approximately 950 scheduled flights a week. There were 50,050 "aircraft movements" in 1977.

#### New Airport

Expanding Hong Kong's major aleway is a very serious problem. Kai Tak is near downtown Kowloon and there is no place to add another runway. Plans are now under way to study the feasibility of an airport on Caek Lap Ki Island off Lantau, the colony's large est island.

Any new airport located in the New Territories or on one of the islands would involve flight parterns that include some Chinese air space. Previously, this fact alone precluded any discussions of a new

But times change, as do regimes and attitudes in China. Stanley Mo. one of the astute businessm hind legalized gambling in Hing Kong's Portuguese neighbor, Macao, recently announced that a long-sought helicopter service-for the 45 miles beweeen Hong Rong and Macao is about to begin: The flight path will take the helicopter into Chinese air space but this Star been worked out," according up

So a Chek Lap Kok airport may be the answer, but its development.

— H.F. is at least eight years away.

Other possibilities include joint

ventures in Hong Kong, with China

ing trade imbalance, \$1 billion in supplying the products to specificathe first half of this year. supplying the products to specification and Hong Kong merchants furnishing their marketing and dis-tribution expertise. A large new power plant being programmed by China Light & Power Co. for the colony will use Chinese coal and oil. Aiready a machine tool works, two oil depots and a ship repair yard are under construction by China in the colony.

"We always talked rather flip-pantly about the great Chinese trade possibilities," said Mr. Wyl-

Mr. Ho. lie. "Now we can see that they are really there,"

### China Expanding Spread Of Investments in Colony

(Continued from Page 1) with the colony's own desire to diversify its industries away from labor-intensive enterprises. With wages rising rapidly and other costs also increasing, Hong Kong can no longer compete in the lower ends of such industries as textiles, garments, simple electronic assembly and cheap plastic products.

count for nearly half of the colony's exports and 45 percent of its manufacturing labor force.

encouraged a program to attract higher-level technology and capital-

While recognizing no differences in taxation or other incentives between foreign and domestic investors, the government has moved to creat industrial sites and reserve industrial areas for "preferred industries." Development is well advanced for industrial sites at Tai Tsing Yi Island, where the three new Chinese projects are under-way, has been declared one of the industrial areas.

This year the government has established a high-level committee to study speeding the diversification process, considering both market spread and basic shifts in industrial The problem has been realized

for some years, and the government is encouraging capital-intensive, higher-technology industries by de-veloping reserved industrial sites on Slow cheaper land for new industries. While successful, the effort to expand the spread of economic activi-ty will take many years. For the immediate future, over-dependence on a narrow range of labor-intensive industries is an uncomfortable fact the colony must live with.

#### China Trade

Top executives now have their eyes on China. "Tm extremely bullsh on China trade," said William Wyllie chairman of Hutchison Whampoa. His firm is exploring Whampoa. His firm is exploring prospects for production-sharing ventures in China. Peking has indicated that Hong Kong will be integrated, gradually and profitably, with the growing industrial complex of Canton, South China's leading city.

Hong Kong is once again the major entrepot for China trade. Offshore oil discoveries in the South China Sea offer prospects for

South China Sea offer prospects for

Textiles and garments alone ac-

Since 1972, the government has intensive industries.

A major industrial area may be added on the north shore of Lantau Island, the largest of the Hong Kong group, if a decision is made to build a new international airport there and a connecting suspension

Diversification has gone slowly. Of the 337 foreign investments reg-istered at the end of last year, 211 were in labor-intensive industries, including 90 textile plants, 69 electronics factories and 23 watch-assembly works.

Under strong pressure from business groups, the government this year created a special high-level committee on diversification, head-ed by Financial Secretary Philip Haddon-Cave. The committee is studying ways to make land available at cheaper prices to local man-ufacturers seeking to upgrade their facilities, offer aid to smaller investors, coordinate training programs in technical fields and provide greater government assistance to private trade-promotion activities.

Foreign investment has not been great, representing only about 1 percent of establishments and em-South China Sea offer prospects for rapid expansion of business with the mainland. There is talk of an oil refinery to process the off-shore

ment. Japan is second with \$85 million, mostly in electronics and textiles. British investors put only \$32.6 million in 33 enterprises.

The TDC and the Hong Kang General Chamber of Commerce have found many foreign manufacturers interested in locating plants for home in Hong Kong, However, ment decisions are being delayed due to less world demand for many les unposts and the tree products.

The possibility of the colony reverting someday to Chinese rule is not a major factor in decisions on foreign investment, the promoters have discovered. The biggest mob-lem is usually finding land that can be obtained at a reasonable cost:

#### Expensive

Land in crowded Hong Kong is expensive. Either it involves costly reclamation from the seashore or clearing shanytowns or areas occupied by squatters and hawkers demon 1977 in a Last year, a government land review determined that formation of mental for brown new land would be a priority project well into the 1980s. Opening Lantau, an island very lightly inhabited and extremely mountain tamous, is expected to be a major step in providing more land for expansion. A final decision on developing Lantan — a multi-billion-dollar project — is expected to be made in late 1979 or early 1980.

Hong Kong's needs are somewhat different from those of other developing countries. Foreign investment is sought not because money is needed, but because such investments can bring in higher-technology industries. The colony's own businessmen possess large cash supplies. Gross domestic fixed capital formation last year rose 26 percent and has averaged 22 per-cent since 1970.

This high level of local investment makes joint ventures with foreign firms an easy approach. China has now discovered this fact — and is leading the investment drive in Hong Kong. China is also putting its weight behind higher-technology industries. While Hong Kong trade promoters were trying to talk American metals companies into opening metal-working and forging plants, it was China which quietly made a deal for a small machine-

When - and if - China takes over the colony politically, it was discover that it already owns a good share of it.

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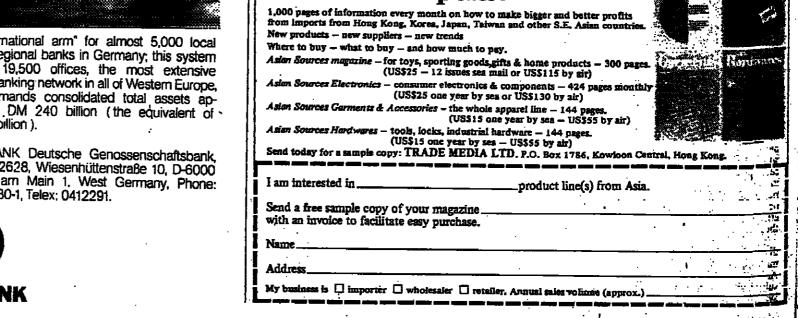
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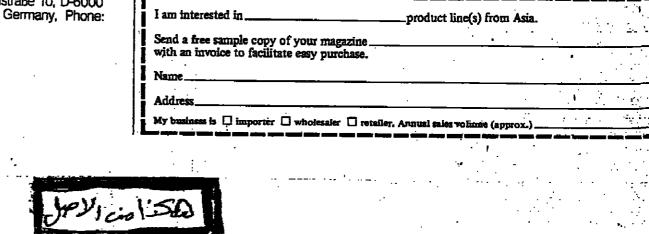
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Four ways to make big profits from Asian imports.

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NONG KONG CHIL Append in shift of their and labor and material adis larr export, a ... the len The figure to percent of the colour. ispons, with a mission in

Vacancies

## Pace of Construction Stops Only for the Sake of the Horses

d jack hammers that Hong ong's most recurrent pollution mplaint is noise. Blasters at the erdeen cross-island tunnel site an had to halt work this spring race days because they were up-ting the horses at the Royal

ng Kong Jockey Club. Nowhere else on earth, except haps Saudi Arabia, is the pace new construction activity so erish An official at the Public rks Department admits that it 0 million authorized for new ds, waterworks, schools, hospitals and land formation this year.

people. By 1981, they will have added a half-million dwelling units.

The quasi-independent Mass Transit Railway Corporation is midway in completing the initial subway line from Hong Kong Island to northeast Kowloon via an under-harbor tunnel. A further link to northwest Kowloon has been rks Department admits that it started. The subway is estimated to have difficulty spending the cost an eventual \$2.5 billion, including a light rail line to be laid along existing streetcar tracks on Hong Kong Island.

Public sector building is more 10-year program is in full than matched by private activity.

TONG KONG (IHT) — So om-nipresent is the noise of pile swing, with 44 contracts to be let this fiscal year to build 56,550 more mous rate in Central District, Wanchai. Causeway Bay and in people. By 1981, they will have added a half-million dwelling units. Already the authority is the world's height. At least five new hotels are largest single landlord, with 2 mil-lion tenants. under construction in one "golden mile" section of Tsimshatsui on land once used by the Kowloon-

Canton Railway.
The railway itself is being double-tracked to the Chinese border, and plans are under consideration for a tunnel link to the Kwai Chung container docks.

Hongkong Land Company is spending an estimated \$600 million in redeveloping the central business core of the colony, a good share of which it owns. When completed. the project will include four major office high-rises surrounding a po-

present. The Japanese government also plans to reduce its balance-of-

payments surplus through buying

back foreign-owned. Japanese-op-

the interlocking of Hong Kong and

Japanese shipping interests. But one outcome could also be that the

number of Hong Kong-owned and

The net effect will be to diminish

dium mall, which is expected to be-come the business heart of Hong

The government is developing three so-called "new towns" in the New Territories. Actually mini-cities designed for half-a-million people each, the new towns provide additional space for both housing and industrial expansion. Another eight oped in the hinterland.

#### Speculation

To help entice high-technology, capital-intensive industries, the government is creating three new industrial sites with land reserved for foreign investors at somewhat less expensive prices.

The building boom, which began in earnest as Hong Kong was com-

increase, as Hong Kong's shipping tycoons buy secondhand, offer

shorter leases to those owners anx-

ious to sell -- and gamble that the

depressed conditions of today will

be rosier tomorrow. Complex ship-

ping arrangements will remain part

of the Hong Kong scene.

The Housing Authority's 10-year program is in full swing...Al-

ready it is the world's single largest landlord, with 2 million

tenants...The building boom is now fueling some unwanted specula-

ing out of the 1974-75 recession, is said. "Certainly the government's now fueling some unwanted speculation. New apartment structures are pre-sold before the first shovel. of dirt is dug. Speculative increases in new apartment prices add double and triple to the eventual sale prices to eager homeowners.

This summer's spectacular rise in the stock market has been led by hectic dealing in the shares of the big property companies, including Hongkong Land, Cheung Kong and New World Development.

J.G. Stean, director of the Buildings Department for the PWD, noted that the high level of building permits approved by his office has held steady for the past three years. construction expenditure will keep

going up." Committed to substantial improvements in social services and a giant public housing program, the government is committed to a development schedule at least until

#### **Mind Boggling**

Ahead are further projects that boggle the mind and threaten the ears. Hong Kong's Kai Tak International Airport, built on a strip of land reclaimed from Victoria Harbor, is expected to be inadequate by 1985. Plans are being developed to put a completely new and much larger airport on land to be re-claimed on Lantau Island. This will "I don't see any relaxation," he require a huge suspension bridge to

the barren island that would cost about \$500 million and resemble

There is a limit, however, as to how much and how fast Hong Kong can build.

"There is a finite number of workers capable of construction work," said Mr. Stean. "We haven't reached that level yet, but we are

Land shortage is the most obvious limitation - and land prices have skyrocketed. On Aug. 4, Lipak Investment Co., representing overseas Chinese interests throughout Southeast Asia, paid more than \$31,500 a square meter for a prime site adjoining one of the subway stations in Wanchai. That was a

new record — and double the provious high.

Property analysts have warned that "over-heating" is evident; a boom-bust cycle may be in the making. Others are not so wary. Most developments have been fully let before completion, and prime office space is not yet easy to find.

Analysts foresee no end to the shortage of factory or industrial land, and the government is con-stantly being urged to clear and form more new land that can be had at a reasonable price for industrial use. Nor do analysts foresee any basic problem in apartment building, thanks to tremendous pressures among the population to move out of the mass public hous-

ing estates into something better. Where trouble could come is in commercial-office complexes where business confidence is a critical factor. By all counts, there is no lack of business confidence. Shares of property companies continue to rise on the stock exchanges.

"The people liable to get hurt," in the opinion of one real estate appraiser, "are the speculators who've been snatching up flats and office footage in hopes of making a killing. However, weeding them out isn't going to worry Hong Kong. This is a gambler's paradise, and gamblers will just switch to something new, like stocks."

### Junks, Tankers Share Busy Harbor

erated vessels.

colony is a shipping haven analysis. Delapidated fishing vessels limp in from Vietnam carrying refugees. I ocal junks are regis-.- i- I both ir. Hong Kong and at near by communes on the Chinese mainland as they ply their trade outside the scope of official Hong Hong statistics. In the big league, Hong Kong owns huge tankers that ily the Panamanian flag, are con-Wiled from Tokyo and never visit

Just about the only valid assertion is that, so far as shipping is concerned, Hong Kong sees more of it every year. In 1976, 9 percent more occan-going vessels representing 12 percent more tonnage entered Hong Kong compared to the previous year. In 1977 the numbers increased by 10 percent, the tonnage by 17 percent. One anticipat-ed effect of the container revolution -- more tonnage, fewer ships - has yet to make its impact on Hong Kong.

Nevertheless, 45 percent of Hong Kong imports and 62 percent of its exports are now containerized. The six privately owned terminals at Kwaichung work around the clock to give Hong Kong its ranking as the third largest container port after New York and Rotterdam: 489,722 full containers discharged in 1977 and 521,602 loaded, taking the terminal past the million mark.

#### Feeder Traffic

Altogether, a complex array of of cargo in 1977 and loaded 6.5 million tons. Ocean-going vessels accounted for bringing in 17.5 million tons and taking out 6.3 million tons, with junks discharging nearly a million tons and taking out a that the previously profitable ar-

typhoons elsewhere, which badly

Much of Hong Kong's container growth has resulted from feeder traffic, which may decline as other terminals in South Korea and the Philippines begin operating But container growth through the Siberian land bridge to Europe grows steadily. There will probably soon be a feeder container terminal at Canton that will need Hong Kong's trade increases. The expectation is

ocean-going facilities as Chir that growth will continue, if less dramatically than in the past. Such steadier increases could mean that another terminal will be needed in the 1980s and this possibility is being examined.

Along with the variety of vessels go intricate arrangements that govern their movements. Hong Kong is the home of two of the world's major shipping magnates, C.Y. Tung and Y.K. Pao. Mr. Pao has been much in the news this year as the complex way has come to light in which his World-Wide Shipping group was interlocked with nearly insolvent Japanese shipping interests.

#### Rescued

In the boom conditions of the late sixties and early seventies. Mr. Pao's World-Wide fleet had increased with ships built in Japan and leased on long-term charters to Japanese operators, notably the Japan Line. Financing for the deals was secured on the basis of the long-term charters. But a depressed shipping market finally left Japan Lines with surplus tonnage and over-extended commitments. Mr. Pao's well-protected legal position was good only so long as Japan Lines remained solvent

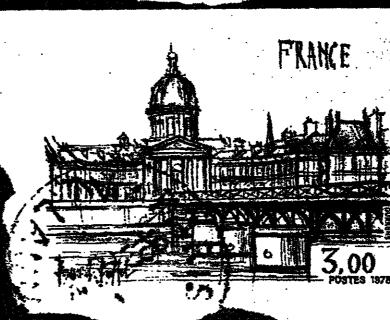
Japan Lines has been rescued and taken over by the Industrial Bank of Japan. The indications are that Mr. Pao has had to consider quarter of a million. River launches and steamers brought in 643,000 flags of inconvenience. The IBJ and other Japanese interests have guar-Growth was partly assisted by anteed to honor foreign obligations, but in a way which insures damaged Kaoshiung terminal on that just as profits were shared by Taiwan and also interrupted the container flow at Keelung. that just as profits were shared by the Japan-Hong Kong axis in the past, so debits are shared in the

## The bank with all the right addresses in Europe.











### Electronics Still Growing, Needs Workers and Parts

HONG KONG (IHT) — The ing the industry is the "lack of key components." ing ahead in spite of growing short-ages of labor and material. The value of its 1977 exports was \$935 million, almost double what it was half a decade ago. The figure represents 12.2 percent of the colony's domestic exports, with a utilization of just less than 10 percent of the total work force.

The electronics industry as a whole contributes 9 to 10 percent of Hong Kong's gross domestic product, and it receives one-quarter of total foreign investment in the colony, about \$112.2 million. Industry growth averaged about 22 percent a year during the past five years, and it is forecast this year to

rise between 15-20 percent.

"The main problem with the electronics industry is the labor shortage," said Alan Lee, general shortage," said Alan Lee, general manager of Ampex Ferrotec, wholly owned subsidary of the Ampex Corp.'s Memory Products Division. Mr. Lee puts the blame squarely on the quasi-governmental Mass Transit Railway, the \$2.5-billion subway system being dug in the foolony, for "poaching technical staff, offering salaries 30-50 percent above the private-sector wages that just cannot be met by manufacturers."

#### Vacancies

Government figures for the end of 1977 showed 3,379 vacancies in the electronics industry — it employs 70,998 workers — a figure which represents less than 10 percent of the total vacancies reported in manufacturing industries. Sala-ries have risen approximately 20 percent in the past six months in an effort to keep workers from leaving the industry or changing jobs.

Christopher Yeung, managing director of Apcom Systems Ltd., a manufacturer's representative for American Microsystems Inc., consultancy firm for micro-computor utation as a center for cheap, unsosystems, feels another problem fac-

"It is our major obstacle," Mr. Yeung said. "For example, most of our ICs (integrated circuits) for our digital quartz electronic watches come from Japan or the United States. At the moment, there is a shortage and our productivity is affected."

Last year, Hong Kong's electronics industry imported \$434.78 million in raw materials and components from Japan and the United

The shortage of the ICs, according to Mr. Yeung, is a result of the law of supply and demand. "The manufacturers of the ICs get more for them if they sell them in the United States or Japan," he said. "Hong Kong, paying lower prices, takes what is left."

Of course, the opposite is also true. When there is a glut of ICs, Hong Kong's manufacturers stock up on the cheap components.

The key to ending the shortages of material in the electronics industry would be to manufacture all components in the colony. "We are fiexible enough and skilled enough to do it." Mr. Yeung said, "but the Hong Kong people are normally in-terested in short-term investments. Besides, Hong Kong is not in a leadership position. It always fol-lows, normally as an off-shore as-sembly plant."

So far, only one international electronics firm, Fairchild Semiconductor, is assembling compo-nents here (but not fabricating them; and this is on a very small

Hong Kong's labor prices are not the cheapest in Asia, forcing the colony's electronics manufacturers to sell the high technical sophistication of its work force rather than the availability of cheap labor, an irony considering the colony's reputation as a confer for cheap upportunity as a confer for cheap upportunities.

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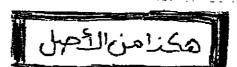
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## China Watching: Better to Know Half Than to Know Nothing & Flo

TONG KONG (IHT) — China Kong their base had intimate experience with pre-Communist China. dustry in Hong Kong, occupying Father Ledany was a Catholic several hundred academics, jour-priest inside China who was forced nalists, translators and intelligence to flee. Today he puts out the Chiagents. No one has made a precise na News Analysis, a detailed and count of these gnomes. Even old- articulate newsletter widely read by timers in the field admit that they other China watchers. Sydney Liu do not know everyone watching was the managing editor of one of

th them. China's largest newspapers who The most visible watchers are came to Hong Kong in 1950 after those in the press corps. Some are correspondents assigned to their publications' Hong Kong bureaus for one to three years. Others are professional sinologists who have levoted their lives to attempting to comprehend the enormity and variety of the world's most-populated and least-known nation.

For journalists, the introduction na watching is mind-crushing. Visits to China are rare and interviews with significant officials even rarer. The China "beat" consists of spending dull hours study-ing hundreds of translated newspaper reports, radio broadcasts and propaganda material that flow with emingly endless enthusiasm from ese media. They look for signs of shifts in official policies and political realities in the small clique of Communist leaders in the super-secret politburo as well as the activities of the nation's 900 million people in 29 provinces, 2,200 counties, 50,000 people's communes, 750,000 production brigades and 5 illion rural production teams.

#### **Allusions**

The Chinese cloak their words with historical allusions, subtle changes of phraseology, hints of ideological nuances and reports of new models that they want the masses to emulate. China watchers must somehow manage to glean from these messages their real por-

"We read between the lines of the official media," explained one than of the most experienced journalists, units. Nevertheless, wages have Newsweek's Sydney Liu.

Mastering this is not a science but an art. In it are combined a (textile and garments in 1976, conhistorian's sense of proportion, a struction in 1977 and 1978).

Today, Hong Kong workers are and the mental endurance of a tax paid the second highest wages in assessor. It is, in short, not for

Hong Kong earned its reputation feel the colony is becoming over-as a China-watching center in the priced in competition with such 1950s when the "bamboo curtain" dropped around the new Commu-

The failures of the Great Leap Forward in 1958 and Cold War needs for intelligence about China expanded the number of China watchers. But it was the stirring upsets of the Cultural Revolution that brought China watching its first real moment of glory. Chairman Mao Tse-tung, thought to be too

watching the new regime in action old and passing from the center of for several months.

old and passing from the center of political power, suddenly Guard youths, who dramatically smashed the very peaks of power in Peking. Unrayeling the momentous events of 1966-68 presented a tremendous challenge. News bureaus were enlarged and more full-time China watchers were added to the

staffs. The same was true of diplo-

based newsmen accompanied President. Nixon on his visit and China was brought into the world of normal international relations, the industry was at its height.

With Western embassies opening in Peking - and a handful of West-

matic China watching, and analysts were assigned to nearly every consulate in the colony.

By 1972, when Hong Kong-Hong Kong China watcher are

That has proved to be a prema-ture verdict. While some diplomatic staffs have transferred their analysts to Peking, the bulk of China watchers remain in Hong Kong. The reason is that China watching may be easier from here than it is from Peking.

David Bonavia, who served a

long stint for the London Times in Peking, wrote a scathing article when he moved to Hong Kong in 1976 (he is now chief China watcher for the Far Eastern Economic Review). Lack of access to officials. and isolation from news sources, he said, were driving journalists and

diplomats away. Reporters scarcely ever meet important officials in the hierarchy and are confined to ques-tioning Western diplomats and information officers at the foreign ministry.

In more recent times, reporters have been permitted trips through the countryside, and their questions have been more promptly and fully

In Hong Kong, at least, the flow of translations, documents, travelers and other sources is steady and well organized. Here there are libraries of materials and, more important, a large coterie of fellow China watchers with whom to compare interpretations.

Is there really a fierce political struggle between Hua Kuo-feng and Teng Hsiao-ping for the lead-ership of China? Is the Napoleonic Mr. Teng actually in charge of China's post-Mao foreign policy? Such questions are more than the academic curiosity of reclusive. in the deal sinologists. They go to the heart of. the strategic questions of our times, and the world is becoming increasinely dependent for answers on this. still alive and functioning Hong

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Kong industry. "We may be wrong half the time," admitted a State Depart.

## Work Force Drawing Second Highest Wages

HONG KONG (IHT) — Hong Kong's diligent, hard-work-ing labor force may seek further wage hikes during the coming months, which could trigger an inflationary spiral. At least, this is the view of the Hongkong and Shanghai Banking Corp., which declared in its most recent report on the colony's economy:

The specter of explosive inflation always lurks in the background if the economy gets overheated."

While the bank does not believe

the economy is overheating, its daily wage index for the most recent reporting period showed workers getting 9 percent more than a year

Noting that unemployment was a mere 3 percent of the 766,000 manufacturing workers, the bank warned of "an extremely tight labor market now developing in Hong Kong." Vacancies registered by factories were 7.6 percent of the work force, double the unemployment rate and the highest ever.

#### Wages

Hong Kong has managed to escape excessive wage demands in the 1970s, thanks largely to non-aggressive labor unions that see their role more as mutual aid organizations wage-and-hour bargaining steadily risen since 1975 as shortages developed in various trades

Today, Hong Kong workers are Asia (after Japan), a concern to textile and electronics companies that cheap-labor neighbors as the Philippines, Malaysia and Taiwan.

March were \$8.32, up from \$7.34 a phy is that it gains its profits from year earlier, but skilled workers are the sweated labor of its Chinese earning up to three times as much in construction and other labor-

the colony's laissez-faire philoso- such areas as workmen's compensa-

workers, including a high propor-tion of women and children. Ef-forts by the government to gradual-One of the harshest criticisms of ly introduce remedial legislation in

tion, severance allowances, paid holidays and limitations on work hours (especially for teenagers) has met with often intensive opposition from the colony's business oligar-

Other progress has been made in

the fields of rehabilitation of the

handicapped, family welfare ser-

vices and community work, mostly

centered in the huge and sprawling

high-rise public housing projects in

great emphasis on education.

covered that the new laws were being met only halfheartedly" in many factories. Unless employers follow the laws, the committee announced, results of their continu-

ing surveys would be made avail-

Kong's population lives.

Gov. Sir Murray MacLehose supports plans to expand social welfare further. No fewer than four separate policy papers have recent-ly been introduced, aimed at pro-

viding more help to those in need.

The committee's main target is the garment industry, where 84 per-cent of the 300,000 workers are

izations and overseas buyers -- and

guilty employers would be publicly

· Economists now believe that the growing shortage of workers will do much to correct the sweat-shop conditions as workers use their own laissez-faire privileges to switch jobs to factories offering better pay and working conditions. A slump is expected in the numbers of working-age persons entering the labor force over the next four to five

ment expert, "but that's better than knowing nothing, and that's what it. really comes down to."

### Top Support for Social Welfare

By Kevin Sinclair

TONG KONG (IHT) - If any-HONG KONG (III.) — II III. years ago what social welfare benefits were available in Hong Kong, the answer would have been simple: virtually none.

Today, the answers are a lot more complicated.

By the standards of welfare in Western Europe, Hong Kong offers meager benefits to its less fortunate

But compared with a decade ago when most people were expected to depend on their own resources in the colony's flourishing and sometimes ferocious laissez-faire economy, social services have come a long way:

In the past, the principal beneficiaries of social largess were victims of typhoons, fires and the other natural disasters that visit Hong Kong frequently. They could expect to get emergency housing, dry rations of food and blankets if they suddenly found themselves home-

Today, the expanding social services provide for old-age and dis-ability benefits and help for the unemployed, a very tiny group in Hong Kong's booming industrial The payments, by Western cial year 1976-77, the government standards, are low.

But the money goes further in Hong Kong than in any Western society, and beneficiaries receive other help from the public purse in the way of rent assistance. Persons who need special diets receive aid, and those who have been on public assistance for two years get special cash payments to help them replace household goods such as stoves and refrigerators.

A single person on public assistance gets \$45 a month. For families, the first three eligible members get \$30 each, with graduated payments for remaining family members and dependents.

Old-age benefits, which begin at 70, provide \$23 a month.

These figures have to be taken in context. In Chinese society, grand-parents almost invariably live with their families whose duty - and honor — it is to care for them in their old age.

Almost all payments are non-contributory. Very few of those who receive benefits have ever paid any taxes in Hong Kong, not even the 15-percent maximum salaries

At the beginning of this year, almost 50,000 people were on the public assistance rolls. In the finan-

Chinese, Officials Stress Education HONG KONG (IHT) — The to spend \$415 million on educa-tion, ranging from the 786 kindertion, ranging from the 786 kinder-gartens for 171,000 three- to six-

So does the Hong Kong govern-

Every third person in Hong Kong goes to school — most of them to primary (574,800) or secondary schools (402,300) — with an increasing number attending institutes of higher education. The colony has the prestigious University of Hong Kong (3,939 students), the Chinese University of Hong Kong (4,247) and a host of other private

In addition, more than 22,500 students attend classes at the Hong Kong Polytechnic. This new experiment in education for Hong Kong is aimed at turning out the design-ers, technicians, engineers and me-chanics who will keep the wheels of local industry turning in the future.

This year, the government plans

year olds up to the universities. Complex

Education is compulsory and free up to the age of 14. In two years, the age limit will be raised to

One of the problems facing educators in Hong Kong is the complexity of the written Chinese language. Just learning enough characters to read a simple newspaper story takes years of memorizing the shapes and strokes that make up the scores of thousands of different

characters. Not that English is forgotten. Students in Hong Kong schools learn English either as the main or second language.

Hong Kong's four major technical schools, exluding the Polytechnic, offer a staggering variety of Precious Blood Golden Jubilee courses: aeronautical engineering. School, began sit-in demonstrations

optics, industrial design, electronic engineering, footwear technology, shipbuilding plastics, building and civil engineering, printing and tex-tiles. They reflect the needs of Hong Kong industry and are designed to provide the skilled manpower that industry will need in the

Educational television plays a large role in Hong Kong classrooms, and the Education Department has plans to increase it even more, with specially designed programs to teach technical subjects.

#### Change

For years, some foreign teachers in Hong Kong have been complaining about the narrow view of education taken by their local students.

This may be changing
A few months ago, 400 girl students at a Catholic high school, the

there and at the home of the Cathoni lic bishop of Hong Kong.
They were supporting 16 of their: teachers, basically in an argument.

over whether experimental, questioning methods in the classroom should replace the old system. Passions rose when the students began demonstrating in the streets and quickly gained support from other student groups, especially when they claimed — and subsequently proved in court — that their headmistress was pocketing

public funds and putting them into

a bank account of her Catholic

teaching order. Now the school has been split and the dissident teachers and mostof the students have been given their own school to run and attend There are worried officials in the Hong Kong educational system who fear that this small example of pupil power may encourage other students to challenge the system.

— K.S.

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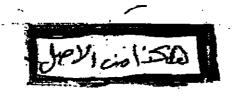
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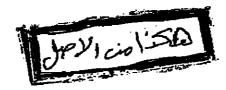
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### A Flood of News and Official Views

HONG KONG (IHT) — Last
March, an American newspaperman newly arrived here hurried to the airport where a hijack drama was developing. An attempt had been made to divert a Taiwan airliner to China, and shooting had broken out aboard the aircraft before it landed at Kai Tak Airport. Entering the terminal, the Ameri-

can saw a mob of more than 250 men and women trying to force their way into the airport's press

"What's that?" he asked.

By June Shaplen

TONG KONG (IHT) — Fir-II teen years ago, there was no such thing as a Chinese movie in-

dustry in Hong Kong. Today, Chi-nese kung fu and swordplay

miless are giving Hollywood the inters by threatening to make the colony a new film production capital of the world. Collectively, film

companies throughout Asia already

constitute the world's biggest as-

sembly line for moviemaking, turn-

five times the annual output of U.S.

ing out 1,990 films a year, almost

The bulk of the booming audi-

ence consists of Asians who live on

small islands and in remote areas

where television has not yet made

sizable inroads. There are also large

andiences in cities like Hong Kong

films and spectaculars, science fic-

tion and period pieces. Artistic

Tang Shu Shuen, one of the few

and Singapore for the adventure

e female independent directors, says,

Hong Kong is an island and iso-

and movies are cheap.

Fortune

Asian film men, without over-

drawing their bank accounts, are suddenly making a fortune by

keeping their eyes on the cash regis-

films are comparatively rare.

He could be forgiven for his mistake. Seeing the Hong Kong press en masse in hot pursuit of a break-

the Golden Horde,"

ing news story can be a sight to inspire awe in the breast of the unini-

sheer number alone is

The largest studio in Hong Kong showed a gross profit of \$7.6 mil-

lion last year. A recent film that set

than six weeks. In Hong Kong, a company may make 26 films a year

and each one will earn at least \$200,000. Seldom will a film show a

The man who is responsible for

building up the Chinese movie em-pire is a former theater operator

whose name is not only well known

to every moviegoer in Hong Kong, but who has become a legend in the

world's film industry. He is Sir Run

Run Shaw, 70, who with his

brother Runme has amassed vast

interests in real estate, amusement

parks and 143 theaters in Singa-

pore, Malaysia and Hong Kong.

Shaw Brothers turn out 44 pictures

a year. The largest studio in Hong Kong is theirs. Sir Run Run — he

was knighted last year - is respon-

sible for the tremendous success

and advancement in Hong Kong moviemaking. He trained his own

fechnicians and brought in experts from all over the world to help him.

He established a school for training

actors and sent trainees off to other

parts of the world to learn the art

of filmmaking. Today, he has an al-

most complete Chinese staff, plus a

few Japanese cameramen and occa-

sionally foreign directors.

told. cording to official government
"You've got to be joking." the
American said. "It looks more like
pers published in the colony.

Of these, about 71 are dailies. No definite figures can be given be-cause many of the smaller Chineselanguage dailies — called the Mosquito Press because of their nui-The sheer number alone is sance value — regularly flourish, impressive. Hong Kong has more wither and die. A new one newspapers than almost any other appeared last month with the ap-

Making Kung Fu for Millions box-office registers jumping was Michael and Samuel Hui's "The Private Eyes." This Cantonese comedy netted \$1.8 million in less

"In the old days," Sir Run Run explains, "nobody thought of sex. The Chinese actors were pale, passive and poetic. The Chinese actresses would never kiss actors on the screen. Of course, now they get stuck together. We can't get them apart. And suddenly Chinese men like to see a blond blue-eyed woman nude. We have to import these women from Sweden or Germany. We make three versions of the same movie - one version for the United States, Japan and Europe, a cold version with bodies all covered for Singapore, Malaysia and Taiwan, and a medium version for Hong

very large. The average Shaw production, which takes 40 to 50 days at most to film, cost \$300,000. His latest success, "Emperor Chien Lung," grossed almost \$500,000 in "Emperor Chien Hong Kong alone. Directors are paid anywhere from \$5,000 to \$12,000 and the successful ones get a share of the profits. First-rate film stars, male or female, make anywhere between \$10,000 and Movie Town also has its school \$15,000 a picture.

many of whom live rent-free in dor-mitories or self-contained apart-ments. There are 140 actors and actresses and 18 directors and each is

#### Movie Town

assured at least two films a year.

The cost of a production is never

Daily Post. It carried a lift-out sectai nudes.

But most of the press — both English and Chinese language — is more substantial. There are four English dailies: the English-style South China Morning Post, the American-syle Hongkong Standard, the bouncy afternoon tabloid The Star, and the regional business daily, the Asian Wall Street Jour-nal. The Journal, closely patterned on its mother edition in New York. has brought a new breadth to fi-nancial and commercial news coverage in East Asia.

The local Chinese press, even for those who read the language, is be-wildering in its diversity. There are a dozen Communist or pro-Com-munist (Peking) dailies, about an equal number controlled by the Taiwan Nationalists and, in the middle, 30 or so substantial dailies battling for the bulk of circulation.

In addition to the local newspaper press, there are three TV channels and two radio stations (one commercial, one government-run) and numerous magazines.

To tell the press, both local and foreign, what the colony is doing, there is the Government Informamean God Is Speaking).

The Information Services is eager to arrange interviews with sen-ior officials to explain programs and policy in Gov. Sir Murray MacLehose's promised open gov-ernment. While many newsmen would agree it is relatively easy to find out what is happening public-ly, they find it often frustrating trying to discover what goes on be-hind the closed doors of the corri-

Two months ago, Jack Spackman, an Australian-born reporter, quit on the air while conducting his morning radio talk-back show complaining that government offi-cials would not answer his questions so it was pointless for him to

Asked about Mr. Spackman's charges, a government official declined to comment.

# LOTS OF BECAUSE OF US!

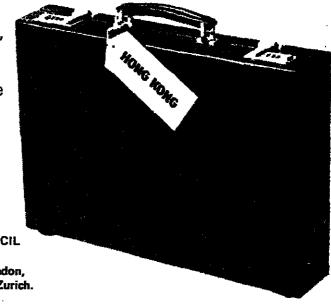
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## Impressions From a Borrowed Place on Borrowed Time

By Richard Hughes

HONG KONG (IHT) — Still a borrowed place living on borrowed time, Hong Kong marches shead with unchanged assurance, continuing production and trade expansion, improving education, housing and social welfare programs and the best-ever relations

It persists because it is part of China and because it affects no suicidal pretense of democracy or independence. Despite notable internal shifts and reforms in the past decade, its foundation and policies - like its maximum income tax of

15 percent — remain unchanged. Colony, laissez-faire and resilience, which were the three ancient cliche references to Hong Kong, have been discreetly pruned to one. Colony, now a dirty six-letter word, has gone with the rising east wind, to the gratification of London as well as Peking and the local govern-ment; laissez-faire is being skillfully and pragmatically "guided"; now it remains to be seen whether resilience will endure. The odds are beavily in favor.

Hong Kong, accustomed to tough going and uncontrollable external influences, is girded for the coming years of hard life, trade lib-

erty and the pursuit of capital. The eternal question mark that hangs over Hong Kong's future is the treaty for the lease of Hong Kong's New Territories, in which a new industrial Hong Kong is now springing up (with Peking's cooper-ation and investment). Technically, this treaty expires in 1997, when Britain would have to negotiate a new lease for the territories - ninetenths of the colony's area - with-

But Peking has declared that all "unequal treaties" were invalid and that it could legally, if forcibly, take over the New Territories at any time. At the United Nations in 1972. Peking refused to allow the case of Hong Kong to be submitted to the decolonization committee because Hong Kong was not a col-ony but sacred Chinese soil.

Peking is now buying and leasing that sacred Chinese soil. Current capitalist plans for property devel-opment and investment in Hong Kong and the New Territories are expected to total more than \$200 million. The expanding program is officially in the hands of the Kiu Kwong Corp., a Hong Kong-regis-tered company with only four shareholders, two of whom live in

The Peking-resident shareholders are Tsa Ping, formerly top executive in the People's Bank of China in the People's Bank of Ch

The two Hong Kong resident shareholders are Chuang Shih-ping. senior executive of the Bank of China and the Communist Nanyang Commercial Bank, and Cheong Chieh, who is also a senior execu-

tive of the Bank of China. Liang Sien, an executive of the Kiu Kwong Corp., said last month that seven major projects were now necessary to meet China's "pressing need for office, commercial and residential premises in Hong Kong." These include a 25-story godown (warehouse), container and

out which the original colonial cold-storage units for transshipping in Hong Kong — although many of the workers for Communist firms rental areas, which were once off-Kong's first years of existence.

The Kiu Kwong Corp. has now become financially involved in the Mass Transit Railway venture that is honeycombing Hong Kong and will build 4,000 apartments above one of its major railway stations.

Other Peking owned agencies in Hong Kong — the People's Bank, China Resources, Kinchang Bank and China Products - have also invested in property for their expanding commercial operations. The general manager of China Resources has said that new residential and business sites must soon be

China's 13 banks here - which have more than 130 local branches - were urged last month to "raise bank earnings and implement more

in Hong Kong, and Sung Wenming one-time general manager of
the China Ming, an insurance corporation.

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Confirming this new trend, the
chairman of the Hong Kong Federation of Stock Exchanges, Peter
Chin, said: "It is logical that the
Communist banks would be interested in the stock exchange market after their investment in property

> For the first time in more than four years. Hong Kong's Communist firms suddenly in July raised wages 10 to 30 percent for an estimated 25,000 employees of partycontrolled banks, shops, factories, publishing houses, gasoline stations and restaurants. The increase represented appproximately the former average difference between Com-

receive substantial-fringe benefits limits to all Chinese in Hong in rents, sales discounts and subsidized family holidays to China.

> Chang Cheng head of the Peking-controlled China Products Company and an executive of China Resources, had re-emphasized — of course, with Peking's endorsement - that China was not interested in altering Hong Kong's anachronistic status quo. By interesting coincidence, in the same mouth the European Economic Communiwith British encouragement, dealt a blow to Hong Kong's vital textile export quotas. The coinci-dence invoked the detached judgment by most Hong Kong taipans (members of the foreign establishment), over pink gins in the hal-lowed Hong Kong Club, that Pe-king is friendlier and more helpful to Hong Kong today than London

In effect, Mr. Chang reiterated Peking's implicit assurances that China continues to accept Hong Kong's survival as a borrowed place living on borrowed time. He also pledged directly that China would continue "to ensure an adequate supply of goods, especially food products, to Hong Kong" and "would not take the initiative to

"Unfolding before us in Hong Kong," says Chang Kuo-sin, an authority on China and an author, "is the strange phenomenon of what I call commercialized Communism. As elsewhere, Peking has now assumed the posture and reality of a hard-boiled and seasoned capitalist. It has learned all the capitalist gimmicks in sales promotion, advertising, hire purchases (time payments), exhibitions and so on. It has mastered the art of watching market trends and adjusting prices on the basis of supply and demand.

A loyal party representative with a visiting fraternal delegation from Hong Kong is said to have once asked his banquet chairman in Peking, a high-ranking foreign ministry official, for a forecast of Hong

Kong's future.

"We have not had time to think about it," the official replied.

"Meantime, I advise you not to worry. Go back there and continue to do what all capitalists are ex-pected to do: Make money for yourself and for us."

(That was a couple of years ago; but it would be just as true today. After all, Hong Kong, in simplified capitalist reckoning, channels about \$2 million each day into China.

Hong Kong authorities — like the U.S. military intelligence sources here — are satisfied that Deputy Premier Teng Hsiao-ping's resurrection ensures even closer ties with Canton and Kwangtung Province.

Since the 1967 riots in Hong Kong and Macao, which were precipitated by the Canton Red Guards against the wishes of Peking, some China watchers have Hong Kong governor who arrived brooded over one possible threat to via the Foreign Office and not the Hong Kong: a north-south split inside China and a decision by a radi-cal faction in Canton to demon-coast in World War II and was strate that it is more honorably rev-olutionary than Peking by "liberating" Hong Kong. That fear hes non-subsided.

Hong Kong today is an essential base for Chinese defense against the systematic expansion of Soviet shipping in the Pacific. As much as shipping in the racult. As hunar as 70 percent of China's exports in Chinese ships pass through Hong Kong. (Respectfully and correctly, the Chinese ships fly the British Royal Ensign of anchorage; curiously but appropriately, the two red flags look like twins from a distance.)

The extension of the term of the present governor, Sir Murray MacLehose now 61, until October 1979 was a wise, and ideed, essential decision. He knows and understands the Chinese, who also approve of his sound, long-range policies for internal labor, education

He came to Hong Kong as gover-nor in 1971, after his term of office as political adviser in Hong Kong from 1959 to 1963. He is the first

— like Hong Kong — would prefer a further extension of his governor-ship, if he would accept. What would be fatal would be the politi-cal appointment of an old and faithful House of Commons party

The border detente continues. Both Hong Kong and China are duplicating the railway track that links Hong Kong with Canton. The Hong Kong and Yamauti Ferry Co. will launch a regular daytime air service to Canton and expects to introduce a nighttime sea ferry service up the Pearl River to Canton. The sea service ferry will take 10

hours. The Hong Kong Chinese regularly and increasingly visit the main-land. In the five years ending in 1976, nearly 4 million of them

Hong Kong. In 1976, the total was 800,000 in both directions — an increase of nearly 20 percent over 1972. Figures for 1977 were even higher, although not yet finally

Hong Kong has also become a key center for China's growing tourist traffic. The Peking-pub-lished magazine, China Recon-structs (now published in German, as well as English Evench Business as well as English, French, Russian and Arabic), advises tourists to apply for entry visas through all local Chinese travel agencies, which will pass their applications to the near-est Chinese embassy or consulate.

The answer to the question of Hong Kong's future must come from Peking. It is a question the Chinese will answer in their own time and their own place and their

The old sign that stands proudly above the front window of the Chi-na Emporium store in Hong Kong is still written in English: "Mumal Profit." The tenure of the running lease, however, will never be deter mined by a "foreign-devil" manager but by a Chinese chairman.

### Unique Kind of Chinese Evolving

HONG KONG (IHT) — The Hong Kong Chinese — 98 per cent of the population — are strangely apolitical and seem to be becoming more so everyday. They fled China by the hundreds of

ing to escape the horrors of the Communist takeover. In the 1950s they were staunchly anti-Communist, but the influence of Communist movements was steadily grow-

ing in the colony.

The eruption of 1967 — when thousands of leftists marched in the streets waving little red books of Mao quotations and clashing with - died as suddenly as it exploded. Today, Hong Kong's populace seems committed to noninterest

Have the Chinese become apathetic about their fate?

#### Realism

Hardly. But they appear to have adopted a new kind of realism that engenders a faith in the future of Hong Kong and ignores such temporary fears as forced integration with the mainland or the continuing evidences of mercantile oligar-

After all, we are Chinese too," explained one top business leader, T. K. Ann. "What are they going to it made any such deal with the Chido? Shoot us all?"

A new generation of Hong Kong citizens is rising out of the shanty-towns of the past, alive to the Westernizing trends that are evolving them into a unique kind of Chi-

Traditional dress is seldom seen nowadays except on older men and women. Young Chinese men sport flared trousers and sports shirts. Young women ignore the puritan-ism of the mainland for the latest Western hair styles. Attractively patterned dresses and tight jeans astonish newly arrived compatriots from across the border, where Mao Tse-tung decreed, "Girls must work hard and not decorate themselves."

Some observers say the Hong Kong Chinese consume with Veblenesque conspicuousness. After all, there are more Rolls-Royces sold here than in any other country, and more French brandy is con-sumed here than in the United

But such a view is misleading for social welfare services. Howev-Hong Kong's young Chinese strive er, they point out that the colony

thousands in 1949 and 1950, rushing to escape the horrors of the dedication that would shame most Western youngsters. There appears to be a growing confidence that Hong Kong is not only wealthier than most other Asian places but also technologically more advanced and culturally more progressive.

The Hong Kong Chinese have a rising middle class composed of young executives and skilled technicians. For example, Allen Lee, appointed to the Legislative Counlast month, heads the colony's most successful electronics compa-

The question now is not whether China will take over Hong Kong, but whether Hong Kong may be developing as a microcosm of the China of the future. The prevalent attitude is now that "we can handle

white - or black - terms. the future when it comes." Flow of Refugees

Word spread rapidly inside Chiswimmers dropped. Only 800 were caught last year, compared to 7,200 who were picked up in 1974.

What is happening to the under-standing this year? Colony officials have no ready answer. The relaxed atmosphere inside China may have simply meant local administrative officers are now more willing to get paperwork completed, Issuing exit visas is a procedure done at the district level, and a process not easily turned off when tens of thousands of people have applied and are

Not Typical

The immigrants are not typical refugees. Upon arrival in Hong Kong, they are swiftly absorbed. seldom even asking directions from policemen at the railroad station. Colony officials admit that they constitute no significant problem

can scarcely absorb 60,000 or 21005 when reserved 70,000 additional citizens—even if the 4 drought most are of the working age (16—4 drought conditions). Whitehall is again taking up the matter with the Chinese ambas.

Only a few of the freedom is mile within and swimmers seek political sanctuary, and minor the fact and officials doubt that politics and process, the folia now has much to do with their wild below was still \$100. now has much to do what the Hong swims to the bright lights of Hong hat hat a down to Kong. "Most of them come from the attentional orginst across the border," explained the World Harjust across the border," explained and me were not one official. "They come for the adventure, the hope. This is the Big adventure, the hope. This is the Big adventure problems.

If Hong Kong is a dreamland of hopes from the blandness of rural Kwangtung Province, attaining the dream can be a costly adventure. Chu Chin-chung, a 25-year-old swimmer, was attacked by sharks at midnight in the waters of Mirs Bay sales at more or this midnight in the waters of Mirs Bay sales at more or the midnight in the waters of Mirs Bay sales at more or the midnight in the waters of Mirs Bay sales at the midnight in the midni in June. Badly mangled, he bled to and entire that suggested the Marine. Police and end with a ball could get him to a hospital. His addition of \$200 km in companion of that horrible night. 21-year-old Lai Chi-wing, was sent back to China without seeing the neon lights of Hong Kong.

### Changing East-West Roles

der conditions of realpolitik is not as simple as it may sound. China does not want to see any governmental or political development that might lead to establishing a sense of independence for Hong Kong. Government spokesmen scrupulously avoid discussions of democracy or political development for the colony.

A narrow franchise allows election of half of the 24 members of an Urban Council with limited authority over recreation, urban services, hygiene and street hawkers. But membership in the important executive and legislative councils is decided solely by nomination of the governor, with London's approval.

Sir Murray has expanded the number of dissident voices in the councils, permitting a far broader range of public opinion to be heard on issues than previously. He has also encouraged the formation of mutual aid committees and other mechanisms to serve as pipelines for public opinion. Such moves have made him perhaps the most popular and progressive governor in the colony's history.

In a bold move against organized corruption. Sir Murray in 1974 named an independent commission against corruption, headed by a career colonial official, Jack Cater. Mr. Cater vowed to "wipe out syndicated corruption by the end of 1978." High-ranking British police officers were caught with their hands in the public's pockets. Revelations of the extent of graft and bribery shocked even hardened Hong Kong citizens.

The wholesale drive against

wrongdoing hurt morale on the Royal Hong Kong Police Force. Creation of an independent and heavy-handed graft-busting agency was likened by some to a new gestapo. Emotions boiled over in late 1977 with mass demonstrations by policemen at their headquarters and a near riot at the offices of the anti-corruption agency.

In what many saw as backing down, the governor issued a partial amnesty for corruption crimes committed in the past. The fruits of that amnesty came last month when witnesses in a key case against officers of the corrupt Mongkok district turned against the prosecution. The judges could give out only two meager sentences even though originally 35 men had been charged. Mr. Cater is now stepping up to the position of chief secretary of the colony. His place on the corruption commission will be taken by Sir Donald Luddington, present head of the Public Scrvices Commission.

Mr. Cater feels, according to sources close to him, that the task of cleansing corruption from the police force has been completed. But many citizens are dubious that this once-bold effort has achieved or is likely now to achieve lasting effects. Outspoken critics of government

licy continue to hammer away. Elsie Elliott, who operates a school for Chinese children, and D. L. Ding, of the Christian Industrial Council, continually harp at bureaucratic callousness, cover-ups and shortcomings. Mrs. Elliott re-cently told a group of Chinese boat dwellers that the government "is turning a deaf ear to your grievance (about public housing) because they can't sell the sea. But if the government wants to build a railway bridge over your head, they will rehouse you right away."

Such snipes arouse ire in bureaucrats and win sympathy in London among some Labor members of Parliament who see Hong Kong's efforts at social welfare as too little and too slow.

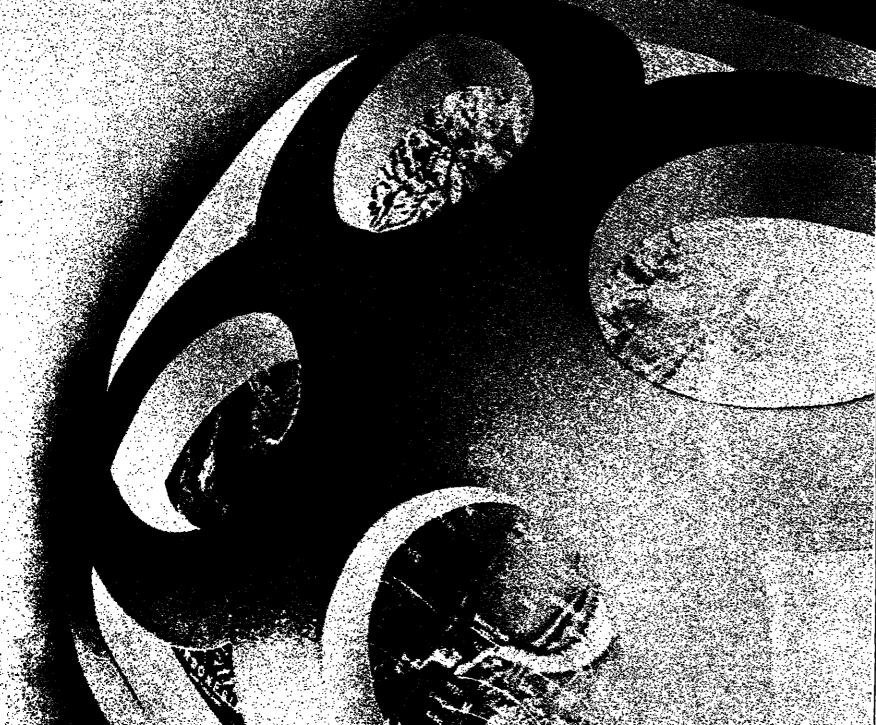
Such jibes, however, have not senously impeded the government. which continues to plan and program without organized political opposition. Its efforts have been

more applanded than condemned. A small core of ideologically motivated youths in Trotskyite and Marxist groups has sought to raise protests, which are supported by neither the Chinese Communists nor British liberals. Radical demonstrations in Victoria Park usually.

draw more reporters than listeners. Realpolitik means that the governor will continue to rule with a free hand so long as he does not violate. the sensitivites of China, and China will permit the British wide latitude

in that governing
In the recession of 1974 leftist labor unions kept cool, refusing to strike or demand greater benefits. Labor peace has been a key element in Hong Kong's stable industrial growth during the 1970s, and that peace is maintained by instruc-

tions from across the border. "I think the government is doing quite a splendid job," declared 3 leading leftist who had joined in the 1967 riots to wave his little red book of Mao's quotations. "There is much that China can learn here." Realpolitik makes strange bed -and colonies.



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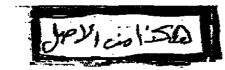
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they have thrown off the layers of peasant superstitions that laid heavily on China in its recent past.

Eclectic in religion, adhering to separed magnification values. Hong Kong's younger approaches the future with open-mindedness. Their slavish attention to rote learning and refusal to crupt in social anger infuse admirant special anger infuse and admirant special anger infuse and admirant special anger infuse and admirant special anger infuse and admirant special anger infuse and admirant special anger infuse and admirant special anger infuse and admirant special anger infuse and admirant special anger infuse and admirant special anger infuse and admirant special anger infuse anger infuse and admirant special anger infuse and adm refusal to erupt in social anger infu-parament special rate many Kweilos (whites, the agreed of the term for most foreigners). But on applaned, with the closer examination, it is refreshing the good min and to see a new breed of hip young and proute see a new Chinese who work and study hard, and precent leave thrill to Kung Fu dramas and do like the strategy de not see their future strictly in red or seem mercuse or or or HE was and military on

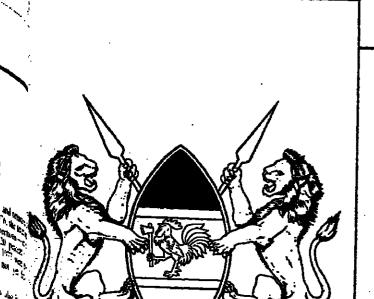
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manufactu Actored to a st ore remarkable ma let runibleteit the attached dramatically.



PARIS, SEPTEMBER, 1978

## KENYA—1978

## Mapping the Future After a President's Death

### Facing Hard Options As Coffee Boom Ends AIROBI (IHT) — For almost of-payments trend and the growing gap between the haves and have-nots. Parallels have even been

Economy

fire years now, Kenya has Fring in the unreal world of a n in tea and coffee. Already in () is economy expanded 6.1 had last year the doubling of a and tea receipts brought the sigs sharpest growth for nine ne reached a record high of

March this year was 60 pergreenment spending rose 50 blocked saily planned, with much of " and private sector borrow-

inces, a drought and de-ied commodity conditions ne-used international Monetary (IMF) intervention and a de-line into of the Kenyan shilling. In prices, a drought and dethe trade deficit tripled to

\$360 million and growth - الله delicit was still \$300 miland growth was down to only international organizahank be-.... To express their alarm at the - Ib memployment problems that a face the country.

the boom is petering out. is host 1976 levels as rains cut and prices are halved. Durthe first quarter of this year a ecent import increase created in milion deficit that suggests for could end with a balance War Protests deficit of \$200-to-\$300 The compared with a surplus already talk of another indu is still growing at around but activity is expected eden as private credit expanas private credit expan-is held at 18 percent and the acuste revenues begins to be Kenya is back where it started.

#### Coffee and Tea

be cyclic nature of the Kenyan my while affected by price in its imports, is due pri-y to its heavy reliance on cofica exports. Coffee can acfor anything from 20 to 50 and the country's export pro-

that makes life difficult

kenyan planners. When the Five-Year Plan was rema before the oil crisis, the Diojected a GDP growth percent compared to the alimpressive 6.8 percent aversieved since independence lacking was to increase 10.2 compared to 8.1 percent. 1975 GDP grew only 1.2 manufacturing dly increased. It is therethe more remarkable that by not yet completed, the during sector may actually is target and GDP growth thealthy 5 percent or so. the economic situation liadange so dramatically from for to the next, little imporbould be attached to the 6.0-Percent growth in GDP and Bowth in manufacturing for the 1979-83 plan. Spilicant are the policy ob-behind the plan and the loof of their being imple-

tome years international aich as the World Bank and mational Labor Organiza-(10) pave pecu expressing the way in which the tennomy is developing. them is the balancedrawn between Kenya and some Latin American countries

still living under an economic and social structure inherited from cotuting regular wage employment) utilizing relatively few people caters to the needs of a middle-income elite, while a separate informal sector (fringe businesses) supplies simpler and cheaper goods for the mass of the population. Not only is the formal sector limited by he is sector. Money supply at the small market, but it is answer pendent on imports. The answer, says the ILO, is to encourage the informal sector, redistribute wealth to the poorer classes and force inplanned, with much of dustry to cater to the national mar-nee going into arms purket as a whole.

The World Bank is more concerned with growing balance-ofpayments constraints and the possibalance of manufacture increase in manufacture growth and a 30-percent rise
aports; and inflation intensiaports; and inflation intensidustries based on Kenya's agriculdustries based on Kenya's agricultural resources, a move from inport substitution with high tariffs towards export-oriented industries with subsidies and the encouragement of small farmers and indus-

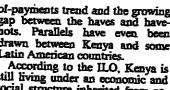
> To increase earnings for farmers the most efficient utilization of resources if the economy is to maintain high growth, increase employ-

The Kenyan government is aware of these problems. In a speech at the beginning of this year Finance Minister Mwai Kibaki pointed out that Kenya had only succeeded in its economic development because its policy goals had been relatively inexpensive and easy to achieve. Now, he said, it would have to face more difficult

options" of the past were the "Kenyanization" of the public sec-(Continued on Page 5)

lonial days. A formal sector (consti-

and encourage manufacturing exports, the World Bank advocates devaluation; to encourage labor-intensive investments as opposed to capital-intensive ones, it urges high-er interest rates. The theme of the World Bank report is the need for ment and assure rising incomes to a fast expanding population.



countries such as Tanzania, Zambia and Zaire may boast greater numbers, but it is Kenya that has always been regarded as the safari center. Not only are its rangelands well adapted to animal viewing, but there is a developed infrastructure of national parks, game lodges and roads. Despite the popularity of beach holidays, Kenya's major

It is therefore with considerable concern that animal lovers have watched the steady decline in the What Mr. Kibaki called the "soft been falling dramatically. For example, the number of black rhi-

MASAI MARA (IHT) — One of Kenya's most valuable assets is its wildlife. Other African the last four.

eight years and the number of elements from 167,000 to 65,000 in the basis of a 5-percent sample.

with the help of Cessna 1855 five decrease wild on the last four.

with the help of Cessna 1855 five decrease wild on the last four.

The decline in wildlife can be attributed to the steady expansion of human settlement, the seven-year drought that ended only last year and the activities of the poacher. But as long as no accurate figures were available on the country's animal population, it was difficult to assess how serious the situation actually was. draw to tourists is still its animal

It was therefore quite a break-through when the Ministry of Tour-ism and Wildlife started a series of aerial surveys of the country's country's wilding population.

only is it becoming increasingly rare to find animals outside the project sponsored by the Canadian government, the Kenya Rangeland Monitoring Unit Ecological Monitoring Unit (KREMU) recently completed a census of 20 different species on nos is believed to have dropped the basis of a 2.2-percent sample from 12,000 to 1,800 in the last from the rangeland area. Another

With the help of Cessna 185s fly-300 feet above ground, the KREMU team uses the naked eye and photographic equipment to count the animals below. Excluded from the survey, however, are lion, cheetah and leopard, which can hide in the grass, and the wildlife living in forest areas. The value of the surveys may lie not so much in the exact figures they come up with, but with the changes they will reveal in populations from one year to the next.

#### Numbers

According to the survey, Kenya has some 60,000 elephant, 13,000 Grevy's zebra, 147,000 Burchell's zebra, 1,800 black rhinoceros, 37,000 warthog, 79,000 giraffe. warthog, 79,000 giraffe, African buffalo, 41,000 63,000 eland, 17,000 lesser kudu,

er's hartebeest, 148,000 wildebeest, 49,000 gerenuk, 146,000 impala, 236,000 Grant's gazelle, 164,000 Thomson's gazelle and 32,000 ostrich. Among domestic animals there were seven million sheep and goats, four million cattle, 603,000 camels and 135,000 donkeys.

The first survey showed that of the total animal population of 1.4 million deduced from the sample. gazelle alone accounted for 400,000 and zebra, wildebeest and impala for some 150,000 apiece. The biggest concentration of animals was in the southwest, which covers Masai Mara and Amboseli, with over 650,000 animals. The northeast and north central areas followed with 175,000 and 165,000 respectively. All these figures should be treated with the greatest caution, at least until they can be compared with those from the sec-

ond survey. (Continued on Page 4)

### Party Pledges Its Support For Kenyatta's Deputy

By Michael Parrott

NAIROBI (1HT) — When delegates from the Kenya African National Union (KANU) assemble in Nairobi in early October, they will effectively be choosing the man to succeed Jomo Kenyatta as the country's new president. Under the constitution, only candidates supported by a political party are eligible for the post. Since KANU has been the country's only political party since the banning of the radical Kenya People's Union (KPU) in 1969, its candidate will automatically become

KANU's choice is already known. Within days of Mr. Kenyatta's funeral, KANU branches throughout the country had pledged their support for Interim President Dan-iel Arap Moi in an impressive show of national solidarity. Mr. Moi's adoption by the delegates is now nothing but a formaling.

nothing but a formality. The party's support for Mr. Moi understandable. Vice president of the country since 1966, this former schoolmaster from the Rift Valley has regularly deputized for Mr. Kenyatta. One of the first Afri-cans to be elected to parliament before independence, his experience of the Kenyan political scene is unrivaled. As a Kalenjin he will be able to reassure the smaller tribes without threatening the dominant Kikuyu. In alliance with Attorney General Charles Njonjo and Finance Minister Mwai Kibaki, the 54-year old Mr. Moi was already firmly in the saddle.

Not everybody expected such a smooth transition. Indeed, the succession issue has been one of the uncertainties affecting Kenya's post-independence development. Already in his 70s when he assumed leadership of the country, Mr. Kenyatta never gave any indi-cation as to who should follow him. Speculation was rife as to whether the successor would come from the president's own tribe - the Kikuyu or from another group. And if a Kikuyu, would the successor come from the president's family, or from his native district of Kiambu?

#### Alliance

During the 1960s when the country's two largest tribes, the Kikuyu and the Luo, were allied, there seemed a strong chance that a Luo would be selected. Initially Oginga Odinga, the country's first vice president, seemed well-placed, but he was soon eclipsed by his brilliant rival, Tom Mboya. When Mr. Mboya was assassinated in 1969, the Luo influence declined; and the banning of Mr. Odinga's break-away KPU seemed to leave the field open to the Kikuyu Mr. Kenyatta's first cousin, personal

physician and foreign minister Njoroge Mungai from the Kiambu district, was regarded as the frontrunner, but in the 1974 general elections Dr. Mungai lost his seat and as a result his Cabinet post. In the following year deep divisions developed within the Kikuyu following the assassination of a populist Kikuyu politician from the rival Nyeri district. Josiah Kariuki. It was probably at this point that Mr. Kenyatta's non-Kikuyu deputy em-

This Section

This special report was pre-ared and written by Michael

Parrott with Guy Arnold, Victo-ria Brittain and Godfrey Morri-

ings to one U.S. dollar at cur-

rent exchange rates, and 20 Kenyan shillings in one Kenyan pound.

erged as the leading contender. For the Kiambu Kikuyu there was a lot at stake. Under Mr. Kenyatta, they had filled the key posts in the Cabinet, the civil service, the army, the paramilitary and the intelligence agency. They were in danger of losing this control if the presidency passed to a non-Kikuyu like Mr. Moi. It was for this reason, many observers feel, that from the end of 1976 a group of Kiambu Kikuyu took a series of initiatives in support of Dr. Mungai. First this group — which is thought to have included Minister

of State Mbiyu Koinange, Defense Minister James Gichuru and several members of the Kenyatta family. such as the industrialists Ngengi Mungai and Udi Gechaga - Iried to revive the old Kikuyu-Luo alliance by making overtures to Mr. Odinga's followers. It then put up a constitutional amendment that in the event of Mr. Kenyatta's death would have given the interim presi-dency to a non-politician rather than to the vice president. Finally it tried to gain control of the key posts in a revived KANU. But Mr. Kenyatta himself blocked any conciliation with Mr. Odinga, the amendment was declared unconstiantenument was declared unconsti-tutional by Mr. Moi's ally, Mr. Njonjo, and the KANU elections were called off at the last moment just when defeat for the Mungai group seemed inevitable.

The unexpected death of Mr. Kenyatta last month left the Kiambu challengers at a disadvantage.
Not only did the constitution immediately confer the acting presidency on Mr. Moi, but it also barred Dr. Mungai from the succession under a clause limiting candidature to elected members of parliament. There was also little evidence that the group would have won support from the Kikuyu as a whole. For Mr. Moi's backing is more than tribal. His closest collaborators are Kikuyu — Mr. Njonjo from Kiambu and Mr. Kibaki from Nyeri. As a key member of government he has learned to work with the Kikuyus in the administration and can presumably count on the loyalty of many of them. In the Cabinet he could outnumber Mr. Mungai's supporters by nearly three to one. It is not yet clear whether some

deal was reached between the two camps or whether the challengers merely recognized that they had no chance. Some indication may he given in the formation of the pext Cabinet. But with general elections due next year, at which the president must be re-elected. Mr. Moi will have little time to consolidate his position. He has already shown great respect to the Kenyatta family, promised to follow Mr. Kenyatta's policies and given assurances that there will be no major changes in the short term.

## Essay: A Success Story That No One Wants to Spoil

**Counting the Animals for Conservation** 

Kenya stands out as a success story in African development. While so many of its neighbors have been plagued by internal strife, ideologi-cal fanaticism and/or dictatorial rule, Kenya has remained stable, pragmatic and relatively free. The transfer of power to the Africans has been a remarkably smooth one. Tribal rivalries have diminished as a new African "establishment" has been created. Business has flourished in a free enterprise system in which foreign investment and state participation have each played their roles. In a political system in which Western institutions have been adapted to African conditions, the record on human rights has been impressive.

Kenya's common sense approach has not gone unrewarded It is no sition could not have been more coincidence that this country is one of the major recipients of international aid, that more foreign invest- sworn in as interim president with ments are being made here than before independence and that Nairobi is emerging as an international business, conference and tourism ther of the nation." The funeral, atcenter. An island of sanity in a tended by national leaders from all troubled continent. Kenya has over the world, was remarkable for overcome its lack of oil and mineral resources to become one of the fastest growing economies in black

Much of the credit for all this must go to the man who led the country during those 15 crucial Mr. Kenyatta's successor, than years - Jomo Kenyatta. For it was pledges of support for the interim only a man of his De Gaulle-like president poured in from all over stature who could have steered the stature who could nave steered the Mr. Moi would become the country through tribal Mr. Moi would become the country transfer of power came as no politicians had such vested interests

NAIROBI (IHT) — Fifteen squabbles, ideological differences years after its independence, and racial tensions. It was he who set the pattern for the country's future development as a free entermise society committed to Western values in which the presence of other races or nationalities was not seen as a threat to its own African identity. It was be who created a power balance between the tribes and established a one-party centralized government system.

So great was Mr. Kenyatta's hold over the country that many foreign observers assumed that trouble would break out as soon as he died. There were fears of tribal conflict, left-wing demonstrations, even of army intervention.

#### Peaceful Transition

Yet when Mr. Kenyatta died last month in his late eighties, the tranpeaceful. Within hours Vice President Daniel Arap Moi had been the full support of the Cabinet. Calm reigned throughout the country as Kenyans mourned "the fathe dignified and orderly manner in which it was conducted. No sooner had Oct. 6 been set as the date when the Kenya National African Union (KANU), the country's only political party, would designate Mr. Kenyatta's successor, than the country, making it clear that



whole country wished to close ranks in this hour of danger.

try's next president. It was as if the surprise. They attributed Kenya's stability not so much to Mr. Kenyatta himself, but to the system To some observers, this peaceful he had created. Most of Kenya's

"rock the boat," it was argued. For some years now, Mr. Moi and his entourage had been carrying out the day-to-day running of the country with the full backing of the president. By electing him, the Kenyan establishment would maintain continuity and avoid tribal

But if it looks like the transfer of power will be a smooth one, Mr. Kenyatta's death nevertheless marks a turning point for this young nation of 14 million people. A new political situation has arisen just as the country is reaching a new stage in its economic development.

#### A Brother

Since independence. Kenya's political institutions have been progressively modified as Mr. Kenyatta established himself as the unchallenged leader of the country. Under constitutional amendments the original regional framework ished. More important was the development of a one-party system through the absorption of the rival Kenya African Democratic Union (KADU) and the later banning of the radical Kenya People's Union (KPU), the diminishing role of parliament and the decline of KANU as a political force.

As long as Mr. Kenyatta was alive it seemed only natural that the country should be run by the president himself with the assistance of ministers and civil servants. News-

papers were allowed considerable freedom of expression, parliamen-tarians could criticize government policies, grass-root feeling could be expressed at constituency level, but executive powers were firmly in the hands of the president. Now that it looks like a less dominant personality will be assuming the presiden-tial office — at only 54 Mr. Moi is seen more as a brother than a father — there is likely to be growing pressure to revive the powers of party and parliament. Whereas Mr. Kenyatta ruled like a wise African chief, government under the new president may turn out to be much more collegial in its character.

cides with a turning point in the Kenyan economy. Since independence the country has been able to satisfy the aspirations of the farmers by giving them land and of the middle class by offering them positions in politics, the civil service. commerce and industry. Most of the farms owned by Europeans have now been distributed, few vawas dropped and the senate abol- cancies are available in public life and the days of easy profits in commerce and industry may be coming to an end. With the population expected to double by the turn of the century and with 250,000 job hunters coming onto the market each year, the country must start developing more marginal agricultural land and intensify its industrializa-

Mr. Kenyatta's death also coin-

tion programs. The need for a new approach has heen apparent for some years, but the recent boom in coffee/iea pric-

(Continued on Page 4)

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### Small Farms Make a Large Economic Contribution

By Guy Arnold

NAIROBI (IHT) — Agriculture economy. Upon its performance depend most other sectors.

In 1977 agriculture's contribu tion to the country's GDP was 38.3 percent, or \$1.1 billion, a 5.4-percent increase from the previous year. The increase was due almost entirely to the increased production of tea and coffee and the record prices they fetched on world markets. The output of other major crops such as wheat, pyrethrum (chrysanthemum plants used as a base for insecticides) and sisal (for the manufacture of twine) was disappointing although sugar, milk and maize did well.

A comparison of the economic contribution of large farms and smallholders' farms points to the achievements made in resettling. training and assisting small farmers since independence, especially in the last decade. During the five year period 1973-1977 the gross marketed production from both large and small farms in cash terms rose from \$329 million in 1973 to the 1977 level of \$1.1 billion. However, the percentage share of these figures for the small farmers was: 51.3 percent in 1973: 50.6 percent in 1974; 55.6 percent in 1975; 51.2 percent in 1976 and 50.7 percent in 1977.

The small farmers' contribution to the economy is in fact far greater than these figures would indicate since roughly 50 percent of total production is retained on the smallholding for family consumption. Generally the small farmer sells his surplus potatoes, tomatoes and livestock as well as maize, beans and cabbages to local traders rather than to marketing boards.

Kenya now produces virtually all its food requirements as well as certain major crops for export. Thus, money that otherwise might go to the purchase of food imports is given over to other developments in the commercial and industrial sec-

There are exceptions and weak spots. Wheat demand, for example, has risen dramatically in recent years. Production does not meet the annual demand of roughly 200,000 tons and substantial imports have to be made. Again, although some major increases in domestic sugar production have been

achieved (in 1977 there was a record delivery of 1.9 million tons of cane to the factories) it will only be after the establishment of two more sugar factories, now in an ad-

Kenyan farm family. with this year's lower world prices could be substantial. This year's coffee crop at 75,000 tons is 25 percent down from last year, the massive earnings from tea and coffee last year - \$761.8 million - had an impact that went right through

the most serious agricultural prob- major development programs, but good or medium agricultural potential. With the population nearing the 15 million mark and a maining large-scale farms and planbirthrate of 3.5 percent per annum,

lem of all: the fact that only about they are costly and often the re-20 percent of the total land area is turns are hardly commensurate.

with the outlay.

There is also the issue of the re-- some 3,200 of them. In tations the economy.

Increasing attention is being focused on what in the long run is there are greater strains on land contrast, there are some 400,000 landless people in Kenya, and partly met by irrigation and other many more are living on marginal

land in urgent need of help the land reasonably pri Should the large farms by up for resettlement purpon if this were done, how must problem would be solved?

Few other countries in joy as comprehensive an all spread as does Kenya its food produce and its port crops of coffee and s pyrethrum, although has been declining during few years. There is also si future seems less than b mained at around 16,000 1973 although increased year may with better cruies, encourage small; plant more so that a yield

bales may be achieved. There are now welc that more students war for agricultural and careers: Enrollment for courses at the University bi this year has increase agriculture and 101 in medicine. There is also in the number of agricul

Irrigation is crucial f new areas under cultiva are a number of maj with World Bank or inputs, among them the tion of the Tana Rive which, when complete able to irrigate up to

Today the agriculture Kenya is a healthy one; is urgent need for more tho given to the long-term pro the land. In addition, the an increasing population met by cultivating land tha arid or unproductive. To

#### Communication and Transportation

### Now Everything Must Stop at the Border

By Godfrey Morrison

TAIROBI (IHT) — Kenya's peen as bad as those in many Third World countries, where telephones often do not work, roads become impassable for much of the year. vehicles cannot operate because of lack of spare parts, and air services are suddenly cancelled without notice or explanation.

The relatively good performance in Kenya is partly due to the aboveaverage rail and road system the country inherited from the British But it is also due to the fact that Kenya's leaders recognized the importance of infrastructure to a country whose prosperity depends on a highly diversified and farflung agriculture and on tourism, and they responded to the political and economic imperatives of devel-

oping it.
Until January of last year the governments of Kenya, Tanzania, and Uganda (and the British before them) considered the whole of East

tion terms and they shared postal and telecommunications services, railways and port facilities. The breakdown of the East African Community has meant that now each country must deal with communications at a national level, making important readjustments. The closure by the Tanzanians of

their border with Kenya damaged the economies of both countries. For Kenya it has meant not only the loss of a two-way trade with Tanzania that netted more than \$26.7 million in Kenya's favor, it also meant the loss of profitable exports to Zambia, whose trade passed overland through Tanzania.

Diverted

These developments would have had disastrous effects on Kenya's road transport industry but for the coffee boom, which allowed the surplus carrying capacity to be di-verted to the job of moving the exports and imports of landlocked Uganda and Rwanda.

The Kenya Railways Corp, which was also hit by the community's collapse and suffered a shortage of carrying capacity and spare parts, has now embarked on a major capital expenditure program that includes the purchase of 87 new locomotives to be delivered this year and next, and the complete replacement of steam power

The country's vital port is at Mombasa, which has to serve not only Kenya's export-import needs, but also much of Uganda's. As a result, it has suffered some conges-

Mombasa's importance has increased with the opening by African Marine (a company jointly owned by the Kenyan government and the Inchcape Group) of East

Africa's only dry-dock facilities Kenya has been particularly hard hit by the oil price rises because its agriculture-based economy is so dependent on large-scale road transport. So another very important development was the opening earlier

Mombasa's oil refinery with Nair. bi. The new pipeline, which wi probably be extended westward. not just a good economic propos tion in itself, but it will also fre carrying capacity on the harc pressed road and rail links betwee the capital and the coast. Since Nairobi was the telecon

munications hub of the East Afr can Community, it suffered som loss of business as a result of th community's collapse.

expansion of the Kenyan econom has meant that there have been continuous increases in traffic righ,

Local telephone services and erratic, although not nearly as un reliable as in most African capitals One of the most bizarre results of the growth in demand and the cemeal addition of new equip ment manufactured in differen countries is that a caller will hear wide variety of dialing and ringin-tones according to the area of the city he is calling.

#### Air Transport

The most dramatic recent devel-opments in communications hav-

been in air transport. In March Nairobi's new interna tional airport was opened. The largest and best equipped in black Africa, it is hoped that its runwa capacity and aprons (capable of ac commodating 10 jumbo jets or 1 Boeing 707s at one time) will mee. Nairobi's needs until the 1990s.

Costing \$67 million, the new air port would be a hard investment to justify in most African countries. But in Kenya, where the most im portant single export earner is tour. ism (gross receipts by the industrivere \$112 million in 1976), a goo-

case can be made. The new facilities should enable Nairobi to maintain and develop it position as the civilian aviation hulof Africa.

#### Setback

Another development in the country's civil aviation program has, however, produced an at least temporary setback to tourism training in the capital. This is the up. grading of the airport at Mombas on Kenya's coast so that it can har dle wide-bodied jets.

Together with the closure of the Tanzanian border and the tilt is tourist preferences away from up country safaris in favor of vacations on the coast, this has proved severe blow to the Nairobi hote industry.

Previously, international tourist, headed for the coast would arrivin Nairobi where they would spend one or two days before catching is local flight to Mombasa or Malir di. returning to Nairobi at the en of their stay.

The loss of this traffic has beer one of the causes of the falling of cupancy rates in the capital hotels. However, this has halted the rise in room rates in Nairobic and recently prices have been been cut

This could well mean that hoteleast will remain static (or fall real terms) over the next few years which will help the Kenyan capital in fight for an increased share. in its fight for an increased share i the highly competitive internation al conference and convention in a

vanced stage of planning, that Kenya should be able to satisfy its white sugar requirements. In horticulture, Kenya has established itself as a major supplier to certain European markets. In 1977 the nation exported more than 18.843 tons of horticultural products, which brought export earnings of \$17.1 million. Britain was the largest market taking 44 percent of the total, while new markets. were established in the Middle East, Djibouti and Sweden. Restrictions in the European Economic Community, however, are one difficulty to be overcome. Another problem is inadequate airspace for fast shipping. Because 1977 was such a bumper year for coffee and tea, the letdown

The amazing story of how international money and expertise has turned one of Kenya's largest natural

The Panafrican Paper Mills venture is a success story brought about by international co-operation together with the Kenya Government's farsighted policies on development.

While possessing one of the largest resource of tree plantations in Africa, Kenya has had to import some 60,000 tons of paper each year . . . because there was no pulp and paper mill. Now—thanks to the vision and investment policies of the International Finance Corporation, a World Bank agency, who inspired this joint venture-Kenya now supplies most of its own paper needs. Needs that increase every year in pace with Kenya's booming

resources into paper.

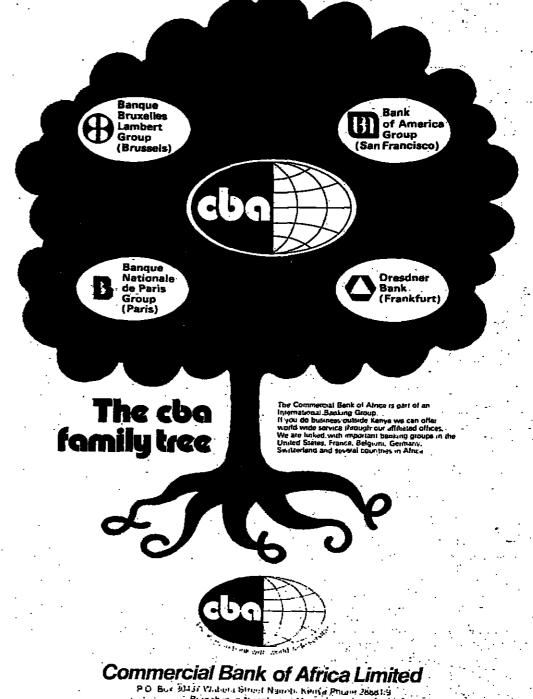
Kenya's neighbours have benefited from this industry, too!

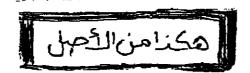
This dramatic change was spear-headed by Orient Paper Mills-Asia's major paper producer-which is under the

management of the Birla Group of Industries, one of India's largest industrial complexes. Orient have provided the management and technical know-how in this K£21 million investment

in line with its policy of progressing towards economic independence, Kenya continues to encourage plans to develop its natural resources and is now working closely with Orient in a major expansion of the pulp and paper operation.







### Mutual Tolerance Is Setting the Pace for the Races

New Self-Help Program

For Technical Training

NAIROBI (IHT) — Kenya has made impressive achievements in education over the last few years. According to a survey

conducted in 1976, a total of 66 percent of the male population and

31 percent of the female population now have reading ability in one

language. In 1977, there were 2.5 million primary school children

from 6 to 12 years of age, some 319,982 secondary school students and 5,283 students at the University of Nairobi. There are 102,000

While Kenyan university graduates have no trouble finding jobs

- the vice chancellor of the University of Nairobi estimates that

only a small percentage do not find jobs at once - Kenya's man-

power needs are more acute at the intermediate skill level, Increas-

ingly the country is producing the top skills it needs, but, for exam-

ple, one engineer requires a back-up of five technicians, and it is

often at this level that there remains a desperate shortage of trained

As a consequence, one of the most interesting developments in

Kenyan education is that of the Harambee (self-help) system, which

includes more than 700 schools catering to 30,000 pupils as well as

the new Harambee technical institutions. The latter offer two-to-

three-year courses in skills such as carpentry, plumbing, masonry

ogy, graduated its first students in 1976, and the others will soon be

graduating their first classes. The success of the Harambee could

have a substantial impact on the future pattern of Kenyan educa-

and electricity. The first of these, the Kiambu Institute of Technol-

teachers, of whom 76 percent will be Kenyans by 1979.

By Victoria Brittain

MAROBI (IHT) - Kenya's most crucial constitutional moment after the death of President Jomo Kenyatta was the swear-ing in of the new president, Daniel Arap Moi. In the Cabinet Room of the capital's State House the minis ters, all black, stood as the Chief Justice Sir James Wicks, in ceremonial British-type robes, entered to administer the oath. Sir James, like

most senior members of the Kenyan judiciary, is white. The pragmatic use of non-Africans, whether or not they are Kenyan citizens, is one of the keys to Kenya's prosperity and stability. Humphrey Slade, a lawyer and one of the first whites to opt for Kenyan citizenship at independ-ence, was speaker of parliament from 1960 to 1970. "One of the rea-

sons I was valued as speaker was, I think, because as a European I was detached from their tribal rows and pressures. In fact, I hardly understood some of them," he says.

At the time of the last census in 1969 there were 139,000 Asians and 40,000 Europeans in Kenya in a population of 13 million. Since their the population has grown at an annual rate of 3.5 percent, with the racial mix probably remaining the same. Although the African and Asian birthrates are higher than the European, new short-contract expatriate families have followed the international companies that have made increasingly heavy investments in Kenya, as well as the international aid funds. (The head of the expatriate family must have a work permit — of which there are about 18,000. Work permits are issued only for jobs no Kenyan can

#### 'European' Shops

Today in Nairobi when you see an expensively dressed African woman step out of a Mercedes into a shop full of Italian imports where the assistant who helps her is white, it is hard to remember, as one now-prosperous African businessman does, that as a young man he was turned away from "European"

"We had apartheid all right," says a British woman who is a longtime settler. "But we'll never have a Congo-type situation here," she adds. "As long as the Cabinet has people like Mr. Kibaki and Mr. Njonjo who are just like us. I shall a Swahili-language daily, Taifa Leo, whose circulation is more or

spec had and

a na

fare

SON "He We-goo 'Dc

stay. Why go back to England, which is full of disgusting socialists and no one has house servants or The racial harmony of the couneven proper gardeners any more?"

"Mr. Kenyatta was a very broadminded man," says Mr. Slade who, like most Europeans and Asians. attributes the absence of racial hostility to very strong personal direc-

NAIROBI (IHT) — One of the

many intriguing questions about the government that will fol-

low that of Jomo Kenyatta is

whether it will continue the rela-

tively liberal policies adopted to-wards the local and international

In almost all black African coun-

tries the local press is directly owned and controlled by the gov-

ernment or ruling political party,

with the result that it acts as the

mouthpiece of those people, civil-ian or military, who happen to be

In such cases, the press is unable

to perform some of those functions

that in the West are seen as most

essential. Another consequence is

that most newspapers in black Afri-

In Kenya the government has

shown remarkable restraint in its

dealings with the press. The fact

that the country now enjoys what

are probably the farthest ranging

and highest quality newspapers and

magazines in black Africa is also

due to the emergence of a number

of outstanding local journalists. In

addition, the country's prosperity

has meant that these publications

have earned reasonable advertising

revenue, which has not been con-

The two English-language dail-

ies, the Daily Nation and the

Standard, last year had a combined

average daily sale of more than

118,000, up from less than 98,000

three years ago. Readership is esti-

mated at about four times that fig-ure. Both of these lively and well

produced tabloids are independent-

ly owned, the Standard by Lonrho while the Nation group of publica-tions is jointly owned by the Aga Khan and local private sharehold-

The Nation group also produces

less static around the 32,000 mark.

Total circulation of the miscella-

ca make very boring reading.

try is based on mutual tolerance rather than a mingling of the races. and there are some spheres of life which have, by tacit agreement, re-mained or become, the preserve of

neous Swahili weeklies has fallen, a

In Nairobi, for example, where by far the greatest number of Euro-peans and Asians live, a complete racial mix among the middle class in shops, offices, restaurants and schools can be seen. But it is a mix only in public. The 36,000 white expatriates on short-term contracts

Kenyan society. The 4,000 white Kenyans form a rather self-con-tained society. Asians almost exclusively entertain each other.

Non-Africans in the rest of the country are usually missionaries or teachers. There is also a sharply dwindling number of European set-tler farmers. Of the 3,500 Europe-

### Lively Press Tackles Controversial Issues

profitable market. Letters One of the most striking features of the Nation and the Standard is

the readers' letters page. Here all manner of grievances and topics are raised, from complaints about the state of the roads to conflicting views on the Middle East.

Perhaps the most interesting as- cent issues have carried features on

neous Swahili weeklies has fallen, a result of the closure of the border with Tanzania, where they found a society Kenya should develop. z-faire capitalists join in written battle with orthodox Marxists.

In most African countries such a situation would not be permitted. The weekly and monthly press is also lively. The women's magazine

Viva is outstanding, reflecting the growing importance of women in public life and their widening interests. It also does not shrink from treating controversial subjects: Re-

such topics as the frightful poverty of many Kenyans and a national argument over traditional female

One of the people who has contributed most to Kenyan journal-ism is Hilary Ngweno, whose Weekly Review is probably the finest and most outspoken weekly news and political comment magazine on the continent.

Mr. Ngweno has received welldeserved international recognition for his services to the development of African journalism. The development of his magazine and his Sunday newspaper, the Nairobi Times, came from hard work and strong nerves. At times, in his expositions of the country's internal pol-itics, he must have trodden very close to the limits of what the government would permit.

For the press freedoms that the country enjoys are, as elsewhere, relative. In Mr. Kenyatta's era there was never any direct criticism of "Mzee" himself, although the actions and statements of his ministers were sometimes fair game.

#### International Press

The relatively liberal atmosphere has been one of the reasons the international press have made the city their headquarters for black

The principal international news agencies and foreign radio services are represented here; and those Western newspapers that have a staff man in black Africa usually choose the Kenyan capital as the base of operations.

Nairobi has many advantages. The climate is good. There is no censorship of outgoing news, communication by telephone and telex are excellent thanks to a satellite earth station, and Nairobi airport can claim to be a sort of "Grand Central" of the continent's air ser-

Half the Asians in Kenya are Kenyan citizens and half are Brit-ish or Indian. They run the com-mercial life of the country and the sons train as doctors or lawvers. Kenyan Asians show no desire to enter the competition for land or for political power, and there are no Asian members of parliament. "It would be too ambitious for an Asian or a European to be in politics," says one successful Asian businessman. However the Asian businessmen do not feel excluded from power. "We have all the ac-cess to ministers we need — we

know them, they know us."

an-owned farms at independence, only about 30 are left. Many be-

yond this hard-core wanted to stay and took Kenyan citizenship in or-

and took Kenyan chizenship in order to do so. But pressure from the
African population has grown, and
the Africans' intense desire to own
land has pushed all but the most
determined into giving up to African farmers, "Land is the one area
where a white Kenyan is not the

where a white Kenyan is not the equal of a black one," says one ex-

An Asian surgeon, Yusuf Kodwavwala, thinks that "the sensitive period is over - all three races have lost the chips on their shoulders and Europeans and Asians could well start coming back to the political forum." One European did run in the last election and nearly won.

Mr. Slade thinks that within a generation all government posts will be reserved for Kenyans of all three races, but that it has yet to be tested whether a European will be welcome in a top government post where he is visible. "Europeans are just not going for those sorts of jobs because the pay does not compare with the private sector," he explains.

But in other areas, such as sports, Kenya has impressively multi-racial representation. At the African Games at Algiers and the Commonwealth Games at Edmonton this summer. Kenya's áthletes included Asians and Europeans. and the team was the most multiracial present.

Nothing sums up Nairobi's multi-racial atmosphere as well as a Sunday afternoon at the race course. Black and white jockeys. Indian owners and British lady trainers eye the horses while the black and white crowd loses money to the Indian bookmakers.

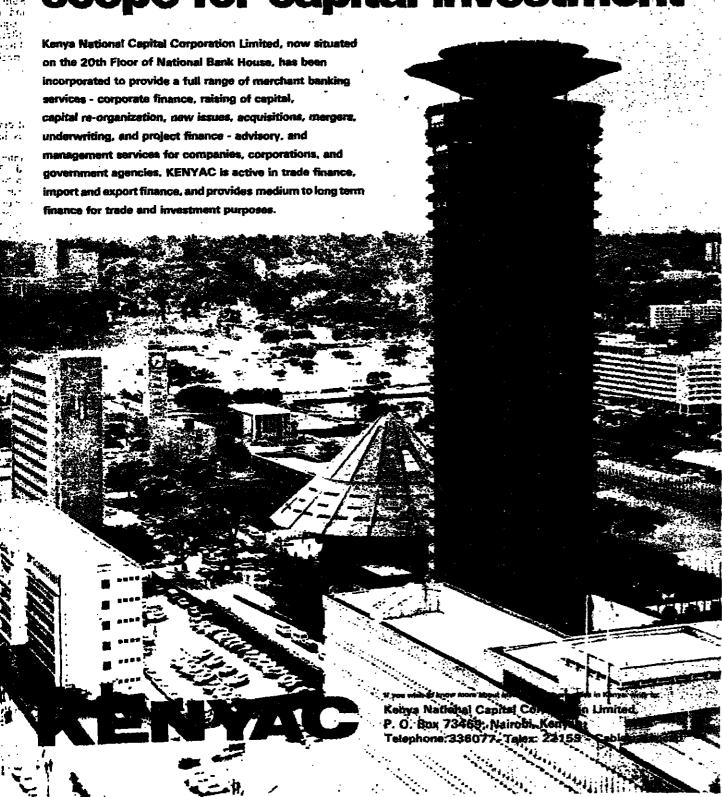
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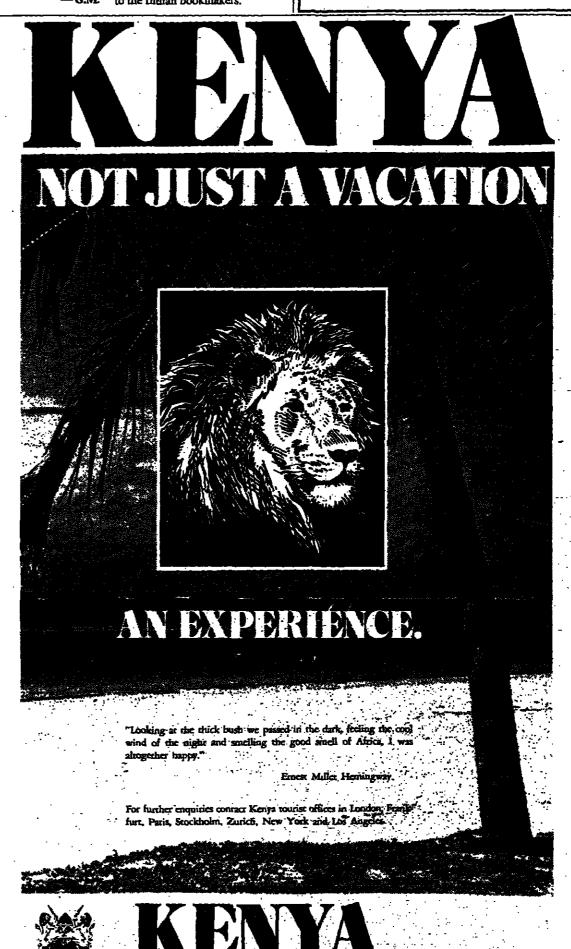


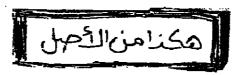
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### Where One Can Watch Wildebeest From a Balloon

MOMBASA (IHT) — With a two-week package from Europe now costing as little as \$600 for a beach vacation and \$1,000 for a full safari (without game hunting), it is hardly surprising that Kenya has become a favorite among the long-distance travel des-

The tourist to Kenya has the var-ious possibilities of watching the wildebeest migration from a bal-loon in the Masai Mara, relaxing in the magnificent setting of Mount Kenya Safari Lodge, roughing it on a camel safari in the arid north, aking a dhow to the island of Lamu, snorkeling amid the coral of the Indian Ocean or just tanning in the tropical sunshine.

Cheaper than the Caribbean or the Seychelles, more varied than Thailand or the Canaries, Kenya attracted some 350,000 business and holiday visitors last year who brought in \$120 million of valuable

The development of Kenya's tourist industry has been impressive. At independence the country still relied essentially on local traffic and the wealthier safari travelers from the United States and Britain. At that time the country had fewer than 6,000 hotel beds, mostly in Nairobi or up-country. With the levelopment of mass tourism in the 1960s, local tour operators were quick to see the potential offered by the country's wildlife. But the real explosion came after 1969 with the development of the beach vaca-tion. Between 1967 and 1972 the number of business and holiday visitors soared from 140,000 to nearly 400,000.

Ever since. Kenyan tourism has been in trouble. It was not until 1976 that traffic recovered from the increased air fores resulting from the oil crisis and the fall in world demand accompanying the recession. Then, just as things looked like they might pick up, a whole se-ries of developments hit the country's safari and business tourism. There were the troubles in Uganda and the Horn of Africa, the closure of the border with Tanzania, the vernment's ban on hunting, the fall in Atlantic air fares, which made other fares comparatively more expensive, and the depreciation of the dollar. Between 1976 and 1977 the number of vacation and business visitors fell 18 percent to 344,000. (If visitors from Ugan-da and Tanzania are excluded, the fall was 6.5 percent.)

**KENYA'S BIGGEST** 

**INSURANCE COMPANY** 



The situation does not look quite so bad however, when judged by the number of bed-nights spent by tourists and the foreign exchange earnings of the industry. Despite all the problems, nights spent by tourists in Kenya have risen steadily from 2.7 million in 1973 to 3.8 million last year, and income has increased by between \$10 and \$17 million annually. The trend seems to be continuing with another 6-percent increase in bed-nights during the first half of 1978. But the growth has come in beach vaca-tions, not safari and conference

A closer look at bed-night figures shows how the stagnation in safari and conference traffic has hit Nairobi hotels. Whereas bed-nights in the beach hotels have more than doubled since 1973 to reach 1.5 million, those in the top class hotels in Nairobi have remained virtually unchanged at 550,000.

Since 1965, the capacity in the Kenyan capital has risen to 7,800 beds from 2,700, while that of the up-country hotels has increased from 1,900 to 3,790. In the same period the capacity of beach hotels has jumped from 930 to 6,700 and that of game lodges from 290 to 1,600. While beach hotels have increased their share of bed-nights from 16 to 40 percent since 1965, the share of bed-nights in Nairobi has remained unchanged at 37 per-

Now that Nairobi has acquired a magnificent new airport and the loexpanded, the hoped-for visitors are just not coming. Some of the responsibility goes to the breakup of the East African Community and to the lack of any major con-ferences recently at the Kenyatta Conference Center, in 1976 alone Nairobi hosted Unctad and Unesco. The main reason, however, has been the shifting of the major part of charter traffic from Nairobi to Mombasa and the fall in U.S. and British vacationers.

The U.S. tourist has always been enthusiastic about safaris. His geography may not be good, however, and he may be confused by reports of fighting in the Ogaden region of Ethiopia, or the activities of Ugan-da's Gen. Idi Amin, which often bear Nairobi datelines. He will often like game hunting, which is now barred. With the air fare to Kenya calculated in depreciating dollars and looking expensive in comparison to falling Atlantic fares, he prefers to go elsewhere. The British, 100, who are traditionally great safari enthusiasts, are beginning to find the costs a little high.

It is still almost impossible to get into some game lodges, but stays in Nairobi are kept to a minimum. Meanwhile, nothing seems to stop the growth of the coastal traffic Cosung half as much as a safari package, although still offering the possibility of inland excursions, the beaches are attracting increasing numbers of Germans. Swiss and Scandinavians. Now that Mombasa Airport can handle jumbo jets, tourists are being flown in 500 at a

The government is trying hard to and Maralal and is examining a cirstimulate inland tourism by open- cuit from this central area to the ing up new circuits. Tourists who normally have gone from turn via the tea plantations to Lake arranged. Tours are being orga-Victoria and Mount Elgon or, when nized with a greater stress on the road is ready, move on to Amboseli Park overlooking Kiliman-

The government is opening up a new northern circuit linking Nairobi with Muranga, Meru, Samburu tralia, Canada and Japan. The government would like to see lower air

(Continued from Page 1) Kenya's record on wildlife con-

servation has been a good one. Since independence it has greatly

expanded the area of national

been controlled under a licensing

system and compensation is now

given to farmers whose property is

damaged by wild animals. Howev-

er, when it comes to protecting cer-

tain species sought by poachers such as Grevy's zebra, leopard.

cheetah, elephant and rhino, it has been less effective.

Since the United States banned

imports of skins of endangered spe-

cies, poaching pressure on Grevy's zebra, leopard and cheetah has eased a little; but elephant and rhino have become big business as the price of ivory and rhinoceros horn has soared. With Kenya emerging as a major African export center for smuggled ivory and horn, many conservationists have wondered whether the Kenyan sovernment

whether the Kenyan government was really committed to stamping out poaching.

Game Department

Some of the recent tensions be-tween conservationists and govern-ment officials can be attributed to

the decision two years ago to allow the autonomous national parks to

the automotions handhar parts to be swallowed up by the govern-ment game department. Not only did the game department have a very different approach to wildlife problems than did the people in the national parks, as well as less expe-

rience, but the merger also resulted in many Europeans being stopped from working in the parks. Under-standably some of these Europeans

have been critical of the way the ministry is now handling things. The government in its turn feels

that it is at last bringing some or-

coast along the Tana River. Camel to Lake Turkana are being rican culture or birdlife. Efforts are. also being made to attract new

ganization into the management of the country's wildlife. It strongly

objects to the idea that only white

people can be conservationists and is irritated at the interference of

There is little doubt that the min-

istry is suffering from certain teeth-

ing problems, but during the last 18

months it has adopted a much

tougher line against poschers. Last year it banned all hunting in the country and made the carrying of

hunting guns illegal. Since March the sale of all hunting trophies has been made illegal. With the help of

World Bank funds it has been building up its anti-poaching

these foreign do-gooders.

charter possibilities from British which potential inland is limited by the infrastructure, transport costs and the limited space available in the limited space availabl game lodges. And as a government of conditional remarked. Nairobi cash only survive as an international of the conditional of t conference center, not through the

The expansion of coastel tourism, will continue, however. According of the to the next Five-Year Plan, Kenya et al. 18 bed capacity is to be raised by seek at the 12,000 to reach 32,000 beds by a present the 1983 By ther data also are the second of the second o 1983. By that date planners are use single to their pecting at least 750,000 visitors to more the theorems. Most of the expansion will prove the theorem partly through new consentrated on the coast partly through new capacity, partly hear

#### Spin-Offs

The growth of coastal traffic will dealbring spin-offs to inlend species lovely but the base will now be Mathbase to offer Malindi or Diani Beach rather than a look! Nairobi. For the moment, plans to a Burnh build a vast tourist couplex at Disput for between an Beach with the help of the land of both and Bank seem to have been up for want postponed. The proposition of the land of postponed. The project envisaged grant in the construction of some 26 hours postant. providing 6,500 beds. But Malindi a lacar for with its marine parks is certain to a (aucrimicit receive more notel investment, and speculity the the island of Lamu is due for devel amon harris

Playing a key role in this development opment is the Kenya Tourism Designed group velopment Corp. (KTDC), which is present already associated in 105 hotel amounts in projects and will be responsible for building a third of the 12,000 new bed units projected under the plan, the plan, the plan is the plan Kenya's largest hotel group. Africant and motion can Tours and Hotels, as well as participations in the Hilton, Intercontinuated continental and Panairic hotels is kather and Meanwhile Block Hotels, which is but countries once dominated the country's hotel is later group of scene, has sold the New Stanley in Nairobi and the world-famous Treetops and Outspan game lodges in the Aberdares and Keekorok in the Masai Mara. Although the company still owns the Norfolk in Nairobi, it prefers to limit itself to managing hotels for Kenyan own-

surveys it should soon be possible a possibility of the to evaluate the success of the ministrally other the success of the ministrally other the success of the ministrally other the success.

But what may prove to be an perment described even more important event in the me or product war against poaching is the recent into the happened decision of Hong Kong to refuse zant country to that are not accompanied by an official certificate of origin. Only by mosters special ficial certificate of origin. Only by mosters special ficial certificate of origin. Only by mosters special that are not ficial certificate of origin. Luny spann from taking simultaneous action against metion, even a mail poacher and struggler is there any les industrial the industrial and the industrial and the industrial and the industrial and the industrial and the industrial and industrial an

### **A Success Story That** No One Wants to Spoil

(Continued from Page 1) es has made action seem less urgent. In the meantime, however, the underlying problems have been aggravated by the breakup of the East African Community, the arms buildup necessitated by tensions on Kenya's border and the uncompetitive state of Kenyan industry on in-ternational markets. As imports soar, inflation intensifies and the gap in the balance of payments widens, more effective action is needed.

#### Hurdles

The country's future stability will depend very much on how Mr. Moi overcomes these political and eco-nomic hurdles. With a general elec-tion due next year, in which he will be up for re-election, his opponents may yet make a bid for power. In

the longer term he may face more radical opposition as the gap between the haves and have nots con-tinues to widen. Widespread resent-ment at the way in which some politicians have enriched themsel growing unemployment in the towns and hunger for land are all potential political time bombs.

Kenya has been a success story.
British settlers who left now wish they had stayed, resident expansates are happy working here and foreign visitors are struck by the difficient way the country is run and by the lack of racial tension. The Kenyan chire is enjoying new power and wealth, many farmers have realized their dreams of owning land alized their dreams of owning land and there has been a general in-crease in living standards. Nobody wants to spoil this.

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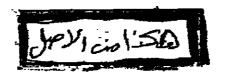
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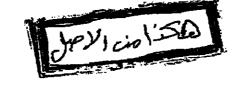
**NATIONAL** 



Animal-Count for Conservation forces. These efforts are still being 2000 1,000. received with a certain skepticism with and droning but with the help of the KREMU past confecution.

ין ייצוות וווא שמשל ii. n. odelunen ment are expected for a at staffmember, will all advised to this and or private start

ASSOCI





## Foreign Investment in Manufacturing Is a Mixed Blessing

NAIROBI (IHT) — With no known oil or mineral reserves of any importance and a limited market. Kenya is not ideally placed to become an industrial within the last 15 years the country's manufacturing sector has expanded so fast that its contribution in the economy is now as great as that of cash agriculture. In 1976 and 1977 Kenyan industry grew 18.5 and 15 percent respectively.

This expansion is due essentially companies still control the country's major tea estates. They have rests in ranching and some specific agricultural sectors, and they are strong in banking, tourism and commerce. Their main strength, however, lies in manufacturing and petroleum operations. When independence forced the Europeans off their farms and the Asians out of retailing, any money not remitted abroad went into industry. Once

in the second foreign investment in Kenya, eign loans. These figures do not account for togality payments, mantogality the second for between \$400 and \$500

loan togality payments, management for royalty payments, management for between \$400 and \$500

loan togality payments. The practice of
court for royalty payments. The practice of
court for royalty payments. the base of heldings, the United over-invoicing imports. During the same period foreign investments to taled \$80 million, of which \$45 million and the Switzerland, France, India, Italy and Japan for \$100 million among the held were them. Government officials believe them. Government officials believe in foreign hands with the remaining the same period foreign investments to taled \$80 million, of which \$45 million were reinvestments of local profits. Last year was exceptional because industry profits were high and local borrowing facilities better than usual, but the trend is there.

Foreign companies are criticized

in foreign hands with the remainder the light of divided between Kenyan Eurothe land peans and Asians, government inthe land with the remainder of the land has businessmen.

According to economist Steven

Land has Langdon, multinationals dominate

the footwear, leather, rubber, inthe land divided the footwear, leather, rubber, inthe land divided the footwear of the land divided the land Kenya while resident-owned firms to be ages, textiles, wood-products and bar imasport equipment. Even within the state group of industries, mul-imationals dominate cigarette man-ticular instituting, soft drinks, fruit cann-ter in the state of the state o

#### Pleasant Country

There are a number of factors that have encouraged foreign firms to invest in this country. Kenya's free enterprise philosophy, its political stability, access to a wider Afri-Promission market, a well-developed infrastructure, inexpensive labor. the high return on investment possible in a heavily protected market, profits and dividends, guarantees against confiscation of assets and the possibility of raising money either through domestic loans or by surrendering equity to government development institums or private shareholders. Kenya also happens to be a very pleasant country to work in.

> The government can offer foreign investors special tax benefits, exemption from sales tax, tariff rotection, even a market monopoy. New industrial estates outside Nairobi and Mombasa such as Eldoret, Thika, Nakuru and Kisumu will make land and services available at attractive rates. Firms are expected to replace expatriot staffmembers with Kenyans and are advised to take on govern-ment or private shareholders as partners, but the pressures are less

Foreign companies are criticized for concentrating on products that need imported equipment and raw materials instead of developing labor-intensive manufacturing based on local resources.

than in many other African coun-

But what may be good for foreign investors is not necessarily good for Kenya, in recent years foreign companies have been coming under a certain amount of criticism from Kenyan economists. Remittances from foreign firms

now exceed the inflows of invest-ment. Last year \$120 million in divabroau signs of political stability started to signs of political stability started to the equivalent of the country stability of coming investors also started to the equivalent of the country stability of coming investment in Kenya, signs of political stability started to the equivalent of the country stability and the equivalent of the country started to the equivalent of the country started to the equivalent of the country started to the equivalent of the country started to the equivalent of the country started to the equivalent of the country started to the equivalent of the country started to the equivalent of the country started to the equivalent of the country started to the equivalent of the country started to the equivalent of the country started to the equivalent of the country started to the equivalent of the country started to the equivalent of the equivalent of the equivalent of the equivalent of the equivalent of the equivalent of the country started to the equivalent of th

for concentrating on products that need imported equipment and raw labor-intensive manufacturing based on local resources. Foreign exchange saved at the level of consumer good imports is lost in the se of machinery and raw materials, it is claimed.

Perhaps the sharpest criticism is of the inefficiency of these foreign companies, which largely survive because of tariff protection. It is claimed that foreign firms only cater to a small, sophisticated mar--ket and they disregard the mass demand for simpler goods. Not only are these manufacturers uncompet itive on foreign markets, but they are making excessive profits at the expense of the consumer. Not prepared to think in more than the short-term, foreign companies prefer loan to equity financing and ex-pect rapid returns on their invest-

Of course, it is recognized that the multinationals have also brought important benefits to Kenya. They have supplied technical know-how, management skills and industrial employment to what would otherwise have been an esmaterials instead of developing

#### Nairobi: Thriving Center For Business, Tourists

one of the most vital and important cities in black Africa. With a spread of 266 square miles, suburban and factory growth is likely to push its population past the million mark in the early 1980s. At present the population is calculated at more than 800,000, including a substantial number of foreigners, businessmen, academics, aid advisers, a considerable number of United Na-tions personnel as well as the stream of passing visitors who come for meetings or as tourists. Just south of the equator at an altitude of 5,452 feet it has a pleasant climate year round, which itself is a great attraction for visitors. Nairobi presents a dramatic sky-

line of office blocks and government buildings, all of them dominated by the elegant tower of the Kenyatta Conference Center. The city is one of the most cosmopolitan in Africa: It has excellent business facilities, communications are fast and efficient and most of the major international airlines are represented here.

The range of hotels and restaurants is wide, and one may visit the City Hall, which also serves as a conference center, the parliament buildings, a fine modern university, an excellent national museum. an aviary, a snake park, and an

Nairobi is the center of the most thriving tourist industry on the continent, a fact testified to by the large number of safari buses that operate out of the city and the

NAIROBI (IHT) — Nairobi is range of nationalities to be found one of the most vitel and im

An illustration of the importance of Nairobi as an economic center can be seen in a comparison of the approximate figures for U.S. and British business interests. There are now between 110 and 120 U.S. firms centered in Nairobi: The majority of them are regional sales and distribution offices although some are in manufacturing, usually in partnership with a Kenyan private enterprise or the government. U.S. investment in Kenya now comes to about \$200 million, and more than 9,000 people are employed by local American companies. The U.S. Embassy in Nairobi reports that perhaps two represent-atives of U.S. firms call each week for advice on possible investment opportunities in the country.

The number of British firms es-

Nairobi is also gaining impor-tance as an international center. The city has been adopted by several UN bodies as either world or regional headquarters. The Unicef retion Center at the Ministry of Comgional offices for East and Southern Africa are in Nairobi; the new UN body, Habitat, has established its world headquarters here; and so has the United Nations Environmental Program.

The Kenya stock exchange is one of the oldest on the continent and is another indicator of Nairobi's position as a business center.

ford them. Industrialization usually starts with the import substitution of consumer goods. In a country that does pose a certain risk, it is normal for an investor to expect a quick return. Exactly the same approach is adopted by the local man-

But one cannot get away from the fact that consumer goods here are expensive, and Kenyan firms have made very little impact in export markets. Tariffs vary from 30 to 50 percent, but domestic prices may be three times European levels. Out of total exports last year of \$1.2 billion, all but \$420 million were raw materials. Of these \$210 million came from refined oil, \$150 million from the processing of raw materials and only \$40 million from consumer and capital goods. Apart from refined oil, the main manufactured exports were cement, canned pineapples, canned beef, pyrethrum extract, tanned hides and skins and insecticides.

In response to criticisms of Kenyan industry, the new plan calls for a switch from import substitution based on imported raw materials to export-oriented investments using local resources. Con-sumer goods industries are to lose some of their tariff protection and receive greater export incentives, while local manufacture of intermediates and light machinery is to be encouraged with tariff protection. In short, foreign investment is as welcome as ever, but its role is

Of \$800 million due to be invested during the next five years in the manufacturing sector, some \$300 million is expected to go into the food, beverage and tobacco sector with sugar refining alone taking \$120 million. Chemicals and related products are expected to account for \$150 million, textiles for \$100 million, metal products for \$90 million, pulp and paper for \$60 million, and cement and basic metals for around \$35 million apiece.

#### Heavy Investment

The last couple of years have seen heavy investment in textiles, sugar refining, brewing, commer-cial-vehicle assembly and an oil pipeline linking Mombasa with Nairobi. The three vehicle-assembly plants set up by BL Ltd. (for-merly British Leyland), General Motors and a consortium headed 10,000 vehicles a year will initially rely on local industry for 30 per cent of input, but will eventually use 50 percent. Projects in the works are a plant to make furfural tablished in Kenya is more than from maize cobs and a unit to turn double that of the United States.

from maize cobs and a unit to turn molasses into power alcohol. A fermolasses into power alcohol. A ferulizer project is running into major

> merce and Industry, there are investment possibilities in a whole range of processing sectors such as fruit and vegetable canning, leather, newsprint and furniture. In the industrial field the study singles out the manufacture of caustic soda from local soda ash, calcium carbide and PVC from local himestone, and low density polyethylene from

sentially agricultural community. local sugar cane juice, not to speak Naturally, they concentrated on providing their customary products cide complex. More ambitious is to the small market that could af- the idea of a \$300 million mini-integrated steel plant using imported iron and coal from Swaziland and furnace oil from the Mombasa refinery and of a \$150 million cold rolling mill and tinning plant. Only recently agreement was reached with an Indian group for the manufacture of machine tools in the

> Traditionally, Kenyan manufac-turers have relied on their African neighbors as their main export market. In 1976 Uganda, Tanzania and Zambia accounted for \$140 million of exports, even if \$65 million of

them were for refined oil. Tanzania and Uganda alone took \$40 million of consumer and capital goods out of Kenya's total world exports of \$65 million. The loss of most of the Tanzanian market last year was more than made up for by increased exports to Uganda, but it is hardly healthy that 78 percent of Kenva's manufactured exports to Africa consists of petroleum prod-

In recent months the Kenyan Ex-ternal Trade Authority (KETA) has been making significant efforts to find new markets for the country's products. In Africa it has been exploring possibilities in Zaire, Ruan-da, Sudan, Nigeria, Madagascar, Mauritius and the Seychelles. It is also looking further afield to the Middle East, Europe and the Unitcui States.

For the moment Kenya's main

exporting successes are still limited

to products such as canned pineap

ple, beer, canned mushrooms, tex-

tiles, pharmaceuticals, paper and leather; but some government officials hope that Kenya will one day necome another Singapore or South Korea. They admit that Kenya does not have quite the same working tradition, that labor costs are higher and productivity lower, but they believe that the closer distance of Kenya to the Euthis cost differential. According to this thinking, Kenya could become a manufacturing basis for exports to Europe and the Middle East.

The government is already giving thought to the creation of export processing zones outside Nairobi and Mombasa. But it is not clear yet whether investors would be restricted to exports or whether they might be allowed to serve the domestic market at the same time but without the duty-free advantages on raw material imports that their exports would enjoy. Either way, Kenya still has a long way to before it can become an African

### **Economy Is Facing Hard Options**

(Continued from Page 1)

tor, redistribution of formerly opean-owned areas, attraction and protection of foreign-owned investment, the development of institutions to facilitate industrializa-tion and urbanization, import substitution and the provision of basic

Now that these goals have been largely attained, Kenya has to face up to the hard options, such as the Kenyanization of the private sec-tor, increasing agricultural produc-tivity, reclamation and settlement of marginal land, development of rural infrastructure, expansion of agricultural credit and domestic marketing and distribution systems, diversification of industry. improvement of the manufacturing sector's export performance, increasing employment opportunities and a modification of the education system to provide the skills needed in a changing economic

Many of these ideas have been incorporated into the fourth development plan, which is due to be published later this year. The cen-iral theme is alleviation of poverty through the creation of employment opportunities, especially in agriculture. The aim is to satisfy the basic needs of the population, be it health, education, water, shelter or food. With the good agricultural land now fully used, irrigation and an improved rural infrastructure are required if farming or ranching are to be possible in the semi-arid and arid parts of the

**Encourage Exports** 

In the industrial sector the government will encourage export in-dustries based on the country's natural resources. Export subsidies will be raised, export houses established, insurance supplied to cover export risks and export processing zones created. Tariff protection on amer goods will be reduced and that on intermediate and light engineering products raised. For-eign companies will be welcomed, eign companies will be welcomed, but they will be expected to carry out more research and development in Kenya, decentralize their activities to rural urban centers and maximize employment opportunities. Special efforts will be made to encourage the informal sector and small labor-intensive industries. The planners assume an even greater reliance on the private sector

basic sectors such as power, petro-leum and fertilizers, or in priority areas such as chemicals, siee! and

engineering.
But it is one thing to lay down a plan and another to implement it. Many of these objectives have already appeared in earlier plans and little has been done about them. All

ment intervening only in certain too often the hard options are not faced because there is no political will to face them. If vested interests have assured this country a certain stability, they have also contributed to a certain immobility. Thus Kenya's population continues to grow at 3.5 percent a year, the gap between rich and poor widens fur-

ther and the consumer continues to

The new president is not going to make any revolutions. But his new government, in which it is expected that Mr. Kibaki will play a key role, may actually implement what planners have long recognized as essential if the country's impressive development is to continue. - M.P.

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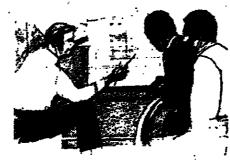
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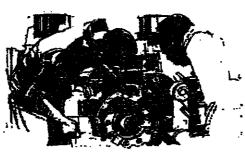
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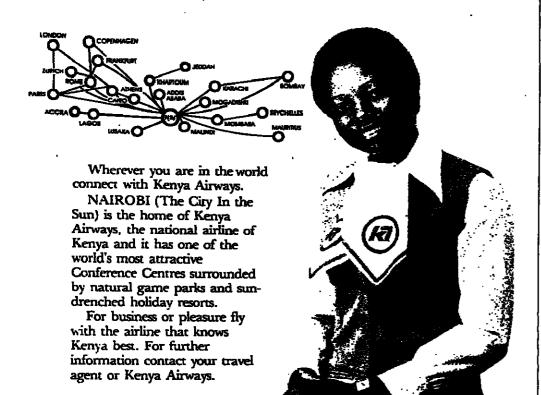




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### Trade Is Important Facet of Foreign Policy

NAIROBI (IHT) — Kenya has followed a middle-of-the-road, pragmatic foreign policy. It is non-aligned, a member of the Organization of African Unity (OAU), adhering to all its major policies, and it is a member of the Commonwealth. Its sympathies are clearly with the Western democracies. It is a mistake sometimes made in the West, however, to assume that because of this Kenya's policies can be taken for granted

Of the major powers, Britain is Kenya's foremost overseas partner: It comes first in terms of bilateral trade and is the biggest bilateral aid donor as well as having the highest amount of investment in Kenya. Generally the two countries enjoy an excellent relationship — despite, or perhaps because of, the traumatic confrontations of the 1950s dur-

ing the dying days of colonialism. There have been clashes over subjects such as Rhodesia and there have been problems to solve, as over the position of the Asians entitled to British citizenship. Such questions, however, have never constituted more than normal in-terstate problems. In view of the past colonial relationship, such differences have been worked out with sensible dispatch and remarkably

little fuss.
The United States, which only recently has begun seriously to work out just what policies it ought to pursue in Africa, has had a long-er and more involved relationship with Kenya during the last two decades than with most other African countries. Kenya is seen as an important focal point for U.S. investment and as a regional trading center on the continent. In July, a joint loan of \$17.3 million was made by the Bank of America and the U.S. Export-Import Bank to the Kenva Fiber Corp. as part of the cost of a factory at Nanyuki for the manufacture of polyester fiber.

**Trade and Policy** 

The direction of trade is a powerful factor in Kenya's foreign policy; especially in relation to Britain, the United States and more generally the European Economic Communi ty, as well as the African continent. Thus Kenya has a particular interest in a sound renegotiation of the 1975 Lome Convention — a process just getting underway in Brus-

Of the EEC countries, West Germany has just agreed to make loans ot \$6.9 million to Kenya for the improvement and modernization of Kenya's railways following the death of the East African Community. The loans are soft ones repayable over 30 years after a 10-year grace period. West Germany is now considering further financial assistance for a long-term program to modernize the railways.

Kenya's non-aligned stand means it is prepared to trade with and receive aid from any source. and relations with the Soviet Union and China and other Eastern countries are correct if not always

Minister of Finance and Planning Mwai Kibaki has recently gone on record as saying that Kenya is not interested in blocs, either East or West, when it is bor-rowing money; rather, it talks to those countries willing to offer easy

and long-term loans.

In a breakdown of sources of loans for Kenyan development, the minister showed that currently 61.45 percent of loans comes from the West, 31.65 from the World Bank (Kenya is one of its biggest recipients), 4.4 percent from the East and 2.5 percent from other African and Middle East sources.

#### Invited

At this year's OAU summit in Khartoum, which was sometimes split over bitter divisions about outside intervention in Africa. Daniel Arap Moi, then vice president and now interim president, made a typical Kenyan contribution when he said that if the big powers are now seen to be interfering and coming back into African affairs, it is because they are invited to do so by individual states. No one could disagree with such a statement, but many would have preferred that it had not been said. At the same conference Kenyan

Foreign Minister Munyua Waiyaki reiterated total Kenyan support for the frontline states in the liberation struggles to the south.

Kenya has firmly opposed any suggestion of a Pan-African mili-

tary force along the lines advanced France and Belgium. The Kenyan logic is that any such force emanating from Western support would inevitably invite a rival force to be formed by countries in receipt of Soviet or Cuban assistance.

strongly in favor of some form of OAU military machine to combat the white minority regimes in southern Africa.

Since the breakdown of the East African Community, the Kenyan-Tanzanian border remains closed. Recently there was a new eruption over Kenya's return to Tanzania of three ships that operate on Lake Victoria. After the return was agreed upon, a Tanzanian MF claimed that the ships needed repairs for which Kenya should be held responsible.

Kenva is vital to the economic life of Uganda since virtually alfthe latter's imports and exports have to pass through Kenya. In addition, substantial trade is carried on between the two countries. Nonetheless, Kenya has spoken in

Kenya has, however, come out forthright terms on a number of occasions about excesses under the regime of Gen. Idi Amin. As the Foreign Ministry stresses, Kenya recognizes states, not governments.

#### Sensitive Issue

The most sensitive issue for Kenya at present is the Somali claim to a greater Somalia. Kenyan policy — its insistence upon the 1964 Cairo OAU resolution on boundaries, its refusal to entertain any Somali claims and its support for Ethiopia during the Ogaden war, despite the fact that the two governments are ideologically so far apart — has been entirely consistent on this issue.

This position has had repercussions far beyond East Africa. When in 1977 Britain's Foreign Secretary David Owen visited Kenya and paid his respects to President Jomo Kenyatta, the Kenyan leader spent most of their meeting asking Dr. Owen just what the British position was on Somali claims. As Dr. Owen subsequently said in the British Parliament, Britain was not prepared to take any action in the Horn that would harm relations

with Kenya. Earlier this year when Dr. Waiyaki spoke out against Iran's close support for Somalia, the Shah ordered the embassy in Nairobi closed until he received an apology. The embassy remains closed.

And during the Ogaden war it may well have been moderating Kenyan influences that restrained Ethiopia from severing relations with Western powers entirely.

#### What to Do With All the Aid?

NAIROBI (IHT) — With an av-crage GNP per head of some \$240, Kenya can hardly be de-search centers and the regional ofscribed as a poor country. Indeed it is almost in the middle-range group of developing nations. Yet there are few countries that have received as much per-capita international aid. According to the United Nations Development Program (UNDP), existing aid commitments amount to \$110 for each Kenyan.

At the end of last year, commitments under aid programs amounted to \$459 million of grants and \$993 million of loans. Of the grants, \$110 million were from Britain, \$77 million from Sweden, \$50 million from Norway and \$40 million each from the Netherlands and West Germany. Of the loans \$485 million was from the World Bank, \$85 million from Britain, \$69 million from the International Monetary Fund, \$68 million from West Germany, \$60 million from the European Economic Community and \$56 million from France. Last year alone Kenya received

\$100 million in aid, of which \$26 million was in the form of grants. This year the government is banking on \$170 million, of which \$42 million would be in grants.

Nairobi has been chosen as the Nations Environment Program to Kenya itself and that the man-

fices for several other UN bodies. In 1976 both the United Nations Conference on Trade and Develop-ment (Unctad) and Unesco met in Nairobi and last year UNEP held its descrification conference here.

What is it that makes Kenya so popular with the donors? Countries like Britain, West Germany, the United States and Canada are anxious to support a moderate pro-Western country like Kenya at a time when it is being surrounded by hostile neighbors. To some do-nors the Kenyan market is large enough for the aid to have a certain commercial spin-off. All bilateral loans are tied anyway. There is a certain appreciation of the way in which Kenyans fit in with the thinking of UN bodies. Kenyan planners are quick to pick up development ideas and incorporate them in their own plans. Finally, Nairobi makes a very pleasant post for many UN bureaucrats.

#### Impossible Task

But many people believe that Kenya cannot really absorb that much aid, that the aid it is given is world headquarters for the United often more useful to the donor than

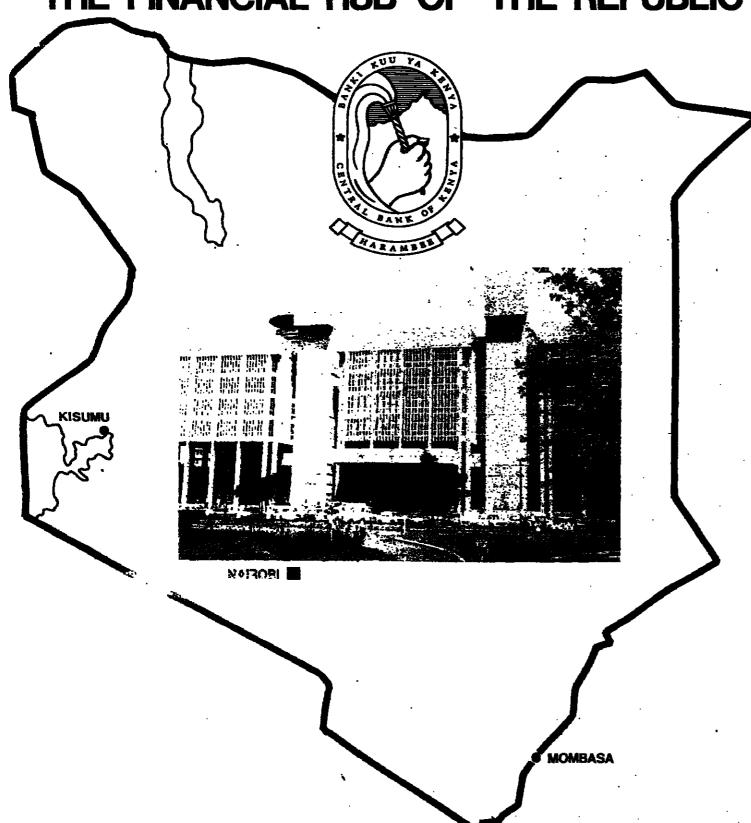
agement of such vast sums of mon-ey from so many sources is a virtu-ally impossible task for the Kenyan government. Ideally the Ministry of Finance would like to integrate the 400 different projects that are currently being financed by various aid programs, but it looks as if it will be forced to divide up the country into different areas, giving individual donors responsibility for each area under the ultimate super-

vision of the ministry. It is very much because of the confusion created by so many different programs that the UNDP is trying to help the government in es-tablishing an integrated rural development plan based on donor mon-

The bulk of existing aid commit-ments are going into agriculture, forestry and fishery, which alone take 30 percent of the \$1.4 billion of grants and loans. Transport and communications, water develop-ment and energy represent 16.5, 13.5 and 8.1 percent, education and industrial development 7.2 and 5.7

Among major projects are the building of two geothermal plants, the laying of some 40,500 kilometers of rural access roads and the giant Bura irrigation project on the Tana River.

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- 5. Oversees the administration of the imports supervision scheme to ensure that the quality, quantity and price of goods received conform with specifications.

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